



Cochlear Limited

Annual Report 2025

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The **future** of hearing. Delivered **today**

The Nucleus® Nexa™ System is the **world's first and only smart** cochlear implant system with upgradeable firmware that enables access to future innovation like never before.

Upgradeable firmware

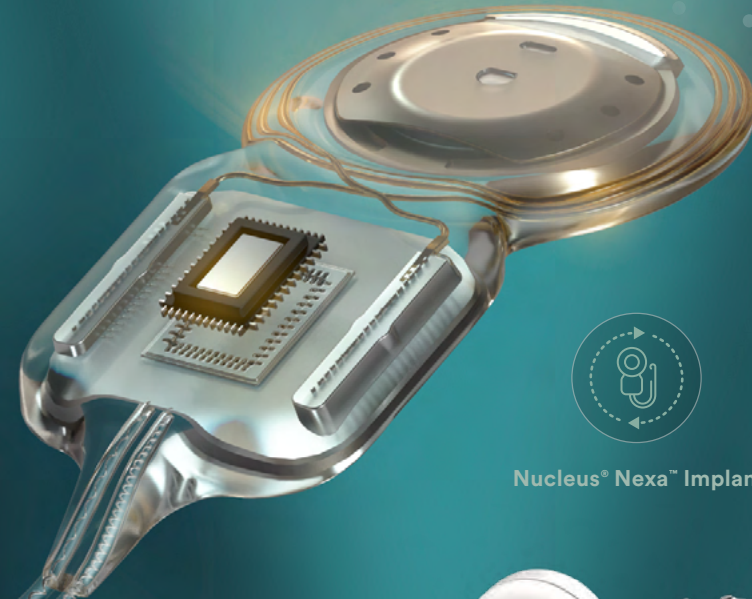
Allows recipients to access future innovations through both the implant and sound processor.

Internal memory

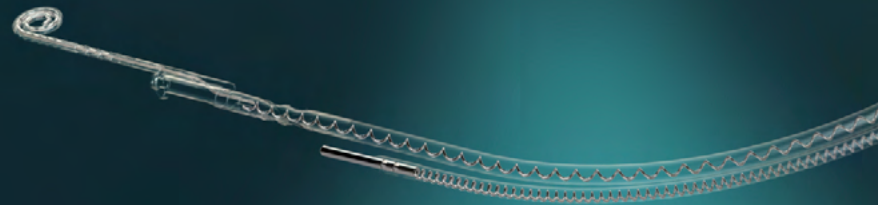
Securely stores unique hearing settings (MAPs) on the implant that can be transferred to any Nucleus Nexa Sound Processor improving patient convenience and reducing clinic visits.

Smallest and lightest

The Nucleus 8 Nexa Sound Processor, with the new Power Compact rechargeable battery, is the smallest and lightest on the market, offering all-day battery life.



Nucleus® Nexa™ Implant



Off-the-ear
Kanso® 3 Nexa™
Sound Processor



Behind-the-ear
Nucleus® 8 Nexa™
Sound Processor

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A future-ready implant is a smart implant

The Nucleus® Nexa™ System represents a major leap forward in cochlear implant innovation, setting a new benchmark for adaptability, reliability, and future-readiness.

Building on Cochlear’s legacy of over 40 years of trusted performance and technological leadership, the Nexa System is designed to meet the evolving needs of recipients, delivering greater hearing potential today and unlocking new possibilities for tomorrow.

At the heart of this innovation is the Nucleus Nexa Implant, the first cochlear implant to run its own firmware. Much like a smartphone, it can receive firmware updates that introduce new features and enhancements over time.

This future-ready design allows recipients to benefit from the latest scientific insights, algorithmic improvements, and user-driven innovations without needing a new implant, ensuring their hearing experience continues to improve throughout their journey.

The Nexa System also features a state-of-the-art chipset with onboard diagnostics and internal memory, enabling the implant to self-monitor and store each recipient’s unique settings. These settings can be easily transferred to any compatible Nexa Sound Processor, simplifying care and reducing the burden on recipients and caregivers.

With the ability to update both the implant and sound processor, recipients are empowered to experience their best possible hearing throughout their journey. This flexible, upgradeable system sets a new benchmark for the industry, ensuring that hearing technology keeps pace with progress and continues to deliver life-changing outcomes.

Customer needs, future possibilities

Future implant firmware upgrade opportunities

- ✓ Increased power efficiency
- ✓ Earlier activation
- ✓ Future objective measures and diagnostics
- ✓ Precision diagnostics of neural health
- ✓ New stimulation modes and sound coding strategies





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Acknowledgment of Country

Cochlear acknowledges the Aboriginal and Torres Strait Islander peoples and their custodianship of the various lands across Australia on which we work, live and learn. We pay our respects to ancestors and Elders past, present and emerging. Cochlear's global headquarters are located on the unceded lands of the Wallumattagal Peoples of the Darug Nation.

About this report

The 2025 Annual Report provides an overview of Cochlear Limited's strategy to create long-term value for stakeholders as well as a consolidated summary of performance for the financial year ended 30 June 2025 (FY25).

The report has been prepared with reference to the GRI (Global Reporting Initiative) and in accordance with the IFRS (International Financial Reporting Standards) Foundation's Integrated Reporting Framework. We use these guidelines to help us clearly articulate how we aim to deliver long-term sustainable value for all our key stakeholders.

Cochlear Limited (Cochlear) publishes a suite of reports annually including the Annual Report, which integrates sustainability reporting and the corporate governance statement, the Tax Contribution Report and Modern Slavery Statement. The reports are available at the [Investors section of the website](#).



Front cover

Stephen, Cochlear™ Nucleus® Nexa™ System recipient with Professor Graeme Clark, pioneer of the multi-channel cochlear implant



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Our mission

We help people hear and be heard.

We **empower** people to connect with others and live a full life.

We help **transform** the way people understand and treat hearing loss.

We **innovate** and bring to market a range of implantable hearing solutions that deliver a lifetime of hearing outcomes.



Our goal is to help more people to hear, which contributes to building a healthier and more productive society.

At Cochlear, we are strongly connected to our mission to help people hear and be heard. It's the passion that drives the organisation and focuses the strategy.

With every hearing implant, we begin a lifelong journey with our recipients. In helping more people to hear, we create value for our stakeholders by providing a lifetime of hearing solutions for our recipients, building a healthier and more productive society, having thriving employees and being environmentally responsible. Doing these things well should enable us to achieve sustainable financial returns over time.



Caroline,
Nucleus System recipient



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Our company



Akash,
Nucleus® System recipient



About Cochlear

Cochlear has been the global leader in implantable hearing solutions for over 40 years, providing a range of implants and sound processor upgrades that deliver a lifetime of hearing outcomes.

Our story

Graeme Clark, an Australian ear surgeon, saw first-hand the isolation and frustration that comes from living in a world of silence as his father struggled with hearing difficulties. On holiday in 1977, inspired by a shell and a blade of grass, Graeme realised there was a safe way to insert electrodes into the inner ear. It was Graeme's determination to help others that realised our first implantable solution, reconnecting Rod Saunders to hearing and bringing music into his life.

Professor Clark partnered with Australian entrepreneur Paul Trainor – and his Nucleus Group – and the University of Melbourne to commercialise the cochlear implant. With funding from the Australian government, they developed the Cochlear™ Nucleus® 22 Implant, the first multi-channel cochlear implant, and Cochlear, the company, was formed.

Today, Cochlear is the leader in implantable hearing solutions, connecting hundreds of thousands of people globally to a life full of hearing. The pioneering spirit that started Cochlear all those years ago continues to drive us forward and our commitment is stronger than ever. We're transforming the way people understand and treat hearing loss, and we're committed to reaching more people to provide support for a lifetime of hearing.

Our company

Cochlear commenced operations in 1981 as part of the Nucleus group and in 1995 listed on the Australian Securities Exchange.

Our goal is to deliver value by helping more people to hear, which contributes to building a healthier and more productive society. Our strategy is focused on improving awareness of and access to implantable hearing solutions for people indicated for our products.

We are pioneers and global leaders in the development, manufacture and commercialisation of implantable hearing solutions, collaborating in over 100 research programs worldwide to further research into hearing loss.

We invest around 12% of sales revenue each year in research and development (R&D), with over \$3 billion invested since listing, and we have a portfolio of more than 2,300 patent and patent applications worldwide.

Over the past 40 years we have helped over 750,000 people to hear with one – or two – of our implantable solutions. And we deliver a lifetime of hearing solutions for recipients, with sound processor upgrades and services to support prior generation products.

Our global headquarters are on the campus of Macquarie University in Sydney, with regional offices in Asia Pacific, Europe and the Americas. We have a global workforce of over 5,500 employees and a wide geographical reach, selling in over 180 countries, with employees based in over 50 countries.





Cochlear at a glance

Business segments

Cochlear Implants*

62%

Cochlear implant systems



Services*

26%

Sound processor upgrades, accessories and other



Acoustics*

12%

Bone conduction systems and sound processor upgrades



Global presence

\$2.3b+
in sales revenue* across

180+
countries

5,500+
employees across

50+
countries



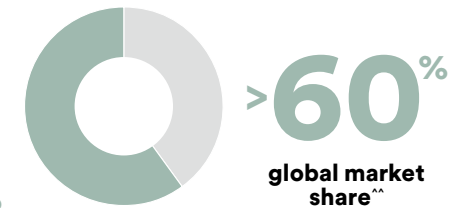
Market leader

\$290m+
in annual R&D investment

AAA
MSCI ESG rating
Healthcare equipment
& supplies**

Helping
750k+
people to hear with one - or
two - of our implants#

99.76%
Cochlear implant reliability^



* Based on sales revenue (FY25) ^Nucleus® Profile™ Plus Series implant cumulative survival percentage within six years ^^Cochlear estimate for cochlear and acoustic implants #Includes cochlear and acoustic implants. ** Measures a company's resilience to financially material environmental, societal and governance (ESG) risk. *** Excludes US Cochlear employees.



Product and services portfolio

Cochlear's market-leading portfolio aims to improve hearing outcomes for recipients and provide a lifetime of hearing solutions.

Cochlear implant portfolio



Cochlear™ Nucleus® Nexa™ System

Acoustic solutions portfolio



Cochlear Osia® System

Cochlear Baha® System

Recipient support tools



Cochlear Nucleus, Baha and Osia Smart Apps

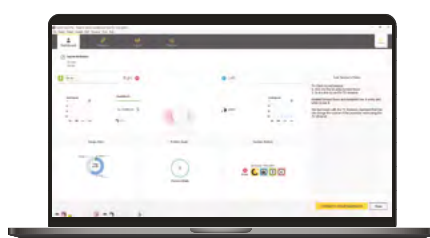


Cochlear CoPilot App

Cochlear Connected Care solutions



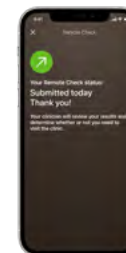
Cochlear Nucleus SmartNav System



Cochlear Custom Sound® Pro Fitting Software



Cochlear Remote Assist



Cochlear Remote Check



Cochlear™ Link

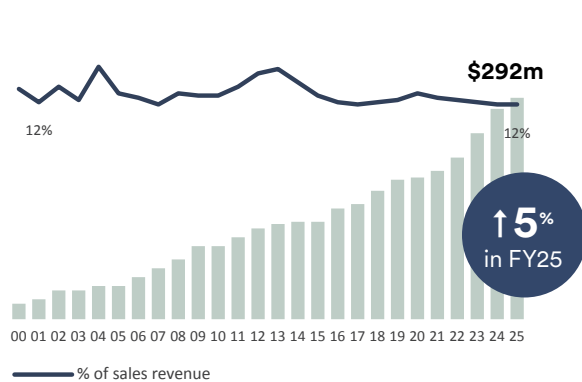


Financial history

Cochlear has a long track record of investing to grow, delivering growing sales revenue, profits* and dividends.

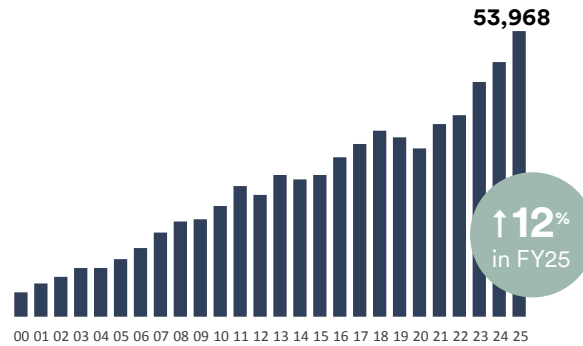
Consistent investment in R&D and market growth activities

Research and development
\$ million



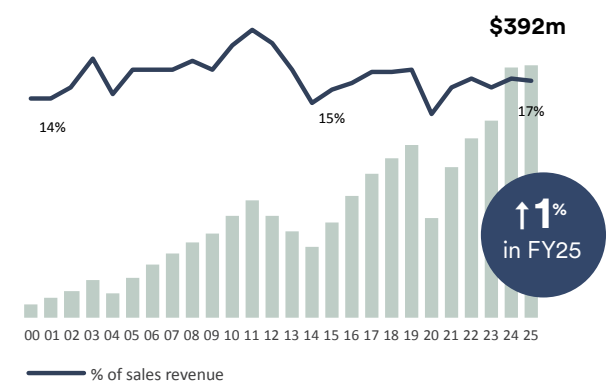
Long-term growth in sales revenue

Cochlear implants
units

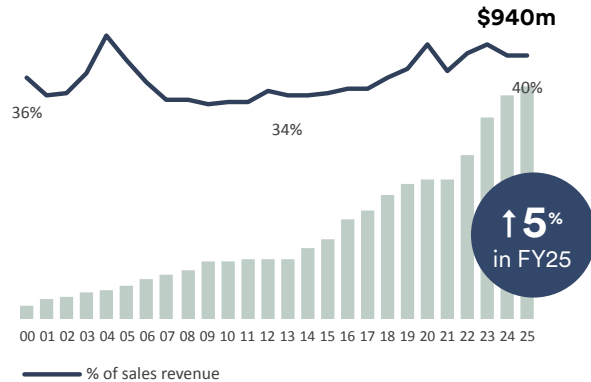


Growing profits and dividends

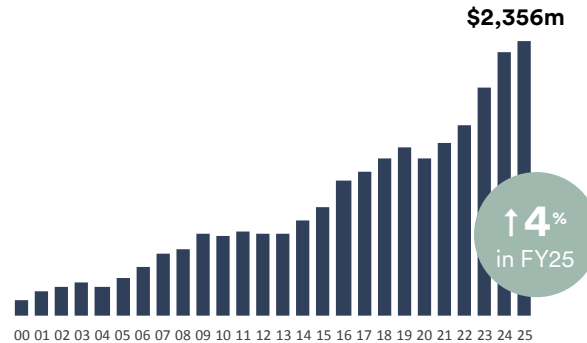
Underlying net profit*
\$ million



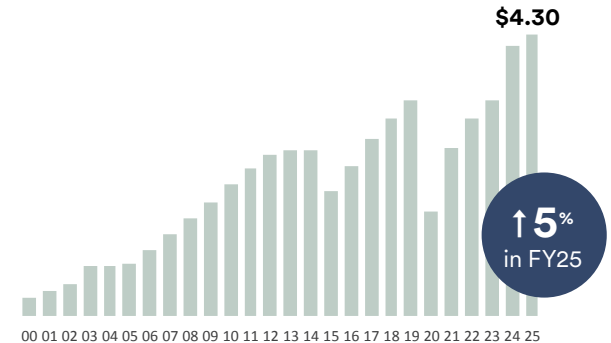
Operating expenses (excl R&D) \$ million



Sales revenue \$ million



Dividends per share



* Excluding one-off and non-recurring items.



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Review of FY25

Sami,
Nucleus System recipient



FY25 highlights

In FY25, we helped over 53,000 people hear with one – or two – of our cochlear or acoustic implants, providing an estimated net societal benefit of more than \$9 billion over the lifetime of the recipients from improved health outcomes, educational cost savings and productivity gains.¹

A healthier and more productive society



- Helped over 53,000 more people to hear with a cochlear or acoustic implant, and delivered latest generation sound processors to over 46,000 prior generation cochlear implant recipients
- Progress made in strengthening the referral pathway for adults
- Adults and seniors segment growth of ~10%
- Emerging markets cochlear implant unit growth of >20%

A lifetime of hearing solutions



- Launched the Cochlear™ Nucleus® Nexa® Implant, Nucleus Kanso® 3 Nexa and Kanso® 3 Sound Processors and Baha® 7 Sound Processor and Baha SoundBand™
- Maintained >60% global market share
- Milestones reached on product and services pipeline
- Commenced the drug eluting electrode pivotal study

Thriving people



- Continued focus on shaping our culture through training and leadership development programs
- Employee engagement maintained at 80%
- Key transformation program milestones delivered for new ERP and manufacturing systems

Environmental responsibility



- Completed and externally assured our Scope 3 inventory
- Used 99% renewable energy across our manufacturing facilities
- Achieved our FY25 target, reducing our business flight per full-time employee by 40% and our flight emissions by 50%, from our FY19 baseline
- Progressing towards compliance with upcoming mandatory sustainability reporting requirements

Sustained value



- Delivered record sales revenue, up 4% (3% in CC*)
- Underlying net profit** up 1%
- Full year dividends up 5%
- Quality objectives and enterprise risk management framework targets met
- Manufacturing capacity expansion to plan

* Constant currency. ** Excluding one-off and non-recurring items. *** Excludes US based employees.



Year in review

Over the past year, we have made great progress in our mission to help more people to hear. Our results and continued innovation reflect our unwavering dedication to our customers, our disciplined approach to execution and the efforts of our most valuable asset, our people.

Launching the world's first smart cochlear implant system

This year marks a major milestone in our journey of innovation. After more than 20 years of consistent R&D investment, we are proud to introduce the Nucleus Nexa System, the world's first and only smart cochlear implant system featuring upgradeable firmware. This future-ready technology sets a new industry standard, empowering recipients to access ongoing enhancements and future innovations without needing a new implant.

The Nexa System is designed to deliver the best possible hearing experience today, adapting to evolving user needs and scientific breakthroughs over time.

Alongside this groundbreaking launch, we also introduced the Nucleus Kanso 3, Kanso 3 Nexa, and Baha 7 Sound Processors, each offering advanced features, improved usability and seamless integration to support a wide range of hearing needs.

Together, these innovations reflect our commitment to pushing the boundaries of hearing technology and improving lives through smarter, more adaptable solutions.

Creating social value through hearing access

Our goal is to deliver value by helping more people to hear, which contributes to building a healthier and more productive society. In FY25 we helped over 53,000 people hear with one – or two – of our cochlear or acoustic implants, providing an estimated net social benefit of more than \$9 billion over the lifetime of the recipients.¹

Unlocking the potential of healthy ageing through hearing care

Adults and seniors represent our largest market opportunity, driven by the growing prevalence of hearing loss as the population ages, and the current low adoption rates of cochlear implants in this segment.

The implications of an ageing population are profound, requiring thoughtful strategies from governments, businesses and communities. Supporting the health and wellbeing of seniors not only enhances quality of life but also contributes to economic stability and reduces dependency caused by age-related health challenges.

There is increasing recognition that hearing health is essential to healthy ageing, with further important research released this year linking hearing loss to cognitive decline. One study in particular found that rates of dementia were lower in cochlear implant users than in hearing aid users.



Alison Deans
Chair

Dig Howitt
CEO & President

Moreover, it found that the risk of dementia in those undergoing cochlear implant surgery is comparable to that of individuals with normal hearing.²

Cochlear implants play a vital role in enabling healthy ageing, helping individuals stay connected, remain in the workforce, and maintain independence. A key part of our long-term strategy is to establish a standardised approach for healthcare providers to diagnose, refer, and treat adults who are eligible for cochlear implants.

As the body of clinical evidence continues to grow, we believe it will further encourage both candidates and professionals to consider cochlear implants. Over time, this will support stronger funding and integration of implants into broader healthy ageing strategies.

* Constant currency (CC) removes the impact of foreign exchange rate movements to facilitate comparability of operational performance. ** Excluding one-off and non-recurring items.



Commitment to investment in R&D

Our market-leading technology underpins our global market share of over 60%³. In FY25, we continued to lift our investment in R&D, investing a record \$292 million, or 12% of sales revenue. We launched new products, made great advancements in our product and services pipeline and commenced our drug eluting electrode pivotal studies.

By delivering our latest sound processor upgrade technology to our recipient base, we helped over 46,000 of our prior generation cochlear implant recipients to hear better, improving their hearing and quality of life.

Empowering growth through culture and sustainability

Our people are at the heart of everything we do—their skills, passion, and commitment are essential to driving innovation, delivering exceptional outcomes for our customers, and building a resilient, future-ready organisation.

To support our business growth, we have actively strengthened our organisational culture by investing in targeted training, leadership development, and employee empowerment initiatives. These efforts have resulted in sustained employee engagement at 80%, reflecting a workforce that is motivated, aligned with our purpose, and equipped to contribute meaningfully to our success.

This year we also achieved significant milestones towards our net-zero emissions objectives. We completed our Scope 3 emissions inventory, disclosing the outcomes for the first time. We are now better able to understand the key sources of emissions so that we can focus our reduction initiatives.

Strengthening governance through Board renewal

We have continued to refresh our Board, welcoming new directors who bring diverse perspectives and relevant expertise, while preserving continuity and corporate knowledge. As part of this renewal, long-serving director Glen Boreham AM will retire from the Board in October, following a decade of dedicated service.

We are pleased to announce that Richard Freudenstein will join the Board on 25 August 2025. Richard brings extensive experience in leading complex, regulated businesses and driving transformation across both emerging and established enterprises.

Delivering shareholder value

In FY25, sales revenue increased by 4% to \$2,356 million, driven by strong growth in Cochlear and Acoustic implants. This growth was moderated by a decline in Services revenue.

Underlying net profit rose by 1% to \$392 million, landing within the revised guidance range announced in June. Despite a more challenging year in our Services business, this result demonstrates the resilience of our core business and disciplined financial management.

Our balance sheet remains robust, with net cash of \$276 million, providing the flexibility to fund strategic investments, support innovation, and deliver returns to shareholders.

Reflecting our confidence in the business and commitment to shareholder value, full-year dividends increased by 5% to \$4.30 per share, representing a 72% payout of underlying net profit.



Scot, Nucleus System recipient



A healthier and more productive society

We are focused on building a healthier and more productive society, delivering societal benefit through improved health outcomes, educational cost savings and productivity gains. We do this by transforming the way people understand and treat hearing loss through awareness and access activities.

Strengthening the referral pathway for adults

An important long-term goal for us is to support the development of a consistent process by which all healthcare professionals diagnose, refer and treat adults eligible for hearing implants. This goal is supported by growing evidence that hearing is an essential part of healthy ageing and treating age-related hearing loss is cost-effective.⁴

In recent years we have invested in awareness and access activities alongside industry professionals and advocacy groups, with a focus on increasing professional education to strengthen the referral pathway. We invest to build our capability, strengthening our understanding of the patient journey so that we can deploy initiatives aimed at reducing barriers to progressing to cochlear implantation. We have also worked towards establishing a consistent care model with key professionals to increase audiological capacity to service growing demand.

Growing links between hearing loss and cognition in older adults

Over the past few years, we have seen a growing body of research establishing links between hearing loss and cognition.

In April, an observational study⁵ using nationwide population data from South Korea revealed a significant link between hearing interventions and a reduced risk of dementia in adults aged 40 to 79 with severe to profound hearing loss.

Over more than a decade, researchers tracked dementia incidence across this population and found that individuals over 50 who had not used a hearing aid or cochlear implant for their severe to profound hearing loss were more likely to develop dementia compared to those with a hearing intervention.

Importantly, the incidence of dementia among cochlear implant recipients was comparable to that of individuals with no hearing loss. Furthermore, cochlear implant users demonstrated a significantly lower risk of dementia than those using hearing aids, underscoring the potential added cognitive benefits of cochlear implants for those with severe to profound hearing loss.

In December, an Australian study was published demonstrating the potential role of cochlear implants in stabilising or improving cognition in older adults with severe to profound hearing loss. The 'Cochlear implant outcomes and cognitive health longitudinal evaluation of adults' (COCHLEA) study⁶, found that cochlear implant users demonstrated significantly improved performance in executive function and working memory, as well as stability across other cognitive domains.

These findings are major advancements in understanding of the broader impact of hearing loss and build on a foundation of clinical evidence linking hearing loss to cognitive decline. It reinforces the need for policy makers and health professionals to prioritise the treatment of hearing loss. It not only helps people to hear but has the potential to slow cognitive decline for adults.

“Now that I have my hearing device, I’m where I never thought I’d be”

Surgery should be no barrier to getting a hearing implant, says Rylee, who has a Cochlear Bone Conduction hearing implant. “I remember it running so smoothly. I was back to school in the next week or so!” Rylee, now 21 and studying at university, remembers the surgery for her hearing implant at age 12. “It was the best thing I’ve ever done.”





A lifetime of hearing solutions

We innovate to build a market-leading portfolio of high-quality products and services that improve hearing outcomes and support a lifetime of hearing outcomes for recipients. And we invest in education and clinical support tools so our professional customers have convenience and confidence in caring for implant candidates and recipients.

Growing investment in research and development

Our market-leading technology underpins our global market share of over 60%, and in FY25 we invested \$292 million in R&D, representing 12% of sales revenue. We made good progress across our key projects, with key implant innovation focused on implants designed to improve the quality of stimulation of the auditory nerve, drug eluting electrodes and totally implantable cochlear implants.

Launch of the Cochlear™ Nucleus® Nexa™ Implant

In June we launched the Cochlear™ Nucleus® Nexa™ System, the world's first and only smart cochlear implant system, and the outcome of a 20-year investment in R&D. The Nucleus Nexa System introduces upgradeable implant firmware, enabling recipients to access future innovations through both their implant and sound processor. Future innovation could include new algorithms for stimulating the auditory nerve with the potential to improve hearing outcomes such as music appreciation and hearing in noise.

The Nucleus Nexa System features the Power Compact rechargeable battery, the smallest and lightest available, with all-day battery life. Dynamic Power Management adapts power usage to maximise battery life⁸, resulting in the sound processor being 9% smaller and 12% lighter than its predecessor.⁹

The new Nexa implant features a state-of-the-art chipset with onboard diagnostics, which has the capability to reduce the burden on carers and recipients by enabling the system to self-monitor. As the first implant with internal memory, recipients' unique settings can be stored on the implant and easily transferred to any Nucleus Nexa Sound Processor. The implant has been designed to further Cochlear's record of outstanding implant reliability.¹⁰

Launch of the Nucleus Kanso® 3 Nexa and Kanso® 3 Sound Processors

In June we launched the Nucleus Kanso® 3 Nexa Sound Processor, compatible with the Nucleus Nexa System and the Kanso 3 Sound Processor, compatible with legacy Nucleus Systems. Both the Kanso 3 Nexa and Kanso 3 Sound Processors will deliver all the innovative features introduced with the Nucleus 8 Sound Processor, including SmartSound IQ 2 with SCAN2¹¹ and automated ForwardFocus.¹²

Launch of the Baha® 7 Sound Processor and Baha SoundBand™

In June we launched the Cochlear™ Baha® 7 Sound Processor and the new non-surgical Baha SoundBand™. The Baha 7 Sound Processor has a 55-decibel hearing loss fitting range in a small form factor, offering powerful hearing without compromising on discretion. It leads the hearing implant industry in streaming technology with new Bluetooth® LE Audio and Auracast™ broadcast audio compatibility.¹³

“I am now that guy I used to be.”

When Zweli lost his hearing, everything changed. What he missed most was being able to hear his young son, particularly when he woke at night. Now with his Nucleus System, Zweli has newfound confidence. He has a job he loves, he can enjoy music and use the phone. And most importantly Zweli finds joy in being able to hear his son's voice.





Commencement of drug eluting electrode pivotal studies

A core innovation focus is to improve hearing outcomes for recipients, to reduce listening effort and improve sound quality. Together with our research partners, we are investigating ways to better protect the structures of the inner ear and improve the electrode-neural interface, exploring drug/device combinations as well as new surgical strategies.

This year we commenced two pivotal studies for our drug eluting electrodes (DEE). The DEE is an electrode incorporating the drug dexamethasone, aimed at improving hearing outcomes for patients. We have long-term data supporting a sustained reduction in impedances from a small DEE feasibility study from 2014.¹⁴ The latest data from a multi-centre randomised control trial¹⁵ has demonstrated substantial impedance reduction, suggesting a drug-device combination has the potential to protect the cochlea, reducing inflammation and resultant fibrosis. We are examining whether reducing fibrosis will improve hearing preservation post-implantation.

Helping our recipients hear better

By delivering our latest sound processor upgrade technology to our recipient base, we helped over 46,000 of our prior generation cochlear implant recipients to hear better, improving their hearing and quality of life.



“I will use Remote Check again and again and again!”

Sami is a personal trainer and mum with a Cochlear™ Nucleus® System. She says, “My initial feelings about Remote Care were YES! This is going to be perfect for me. I’m busy. I live remotely from my clinic. I don’t have the time or the financial means to be travelling all the time.”



Thriving people

Our people are our most valuable asset and are an engaged, capable and high-performing team that delivers on our strategy and supports the creation of sustained value. We have a diverse workforce with over 5,500 people across the globe. Their knowledge, expertise, passion and focus on delivering excellence is key to achieving future success.

Shaping our culture

Our overall employee engagement has remained strong at 80%. This year's survey results highlight that our people feel proud to work at Cochlear, understand how their work contributes to our strategy, and feel a strong connection between what they do and the needs of our customers.

We continued to shape our desired culture by focusing on achievement, global collaboration, and experimentation. We drove this through a blend of leadership development, individual and team growth initiatives, recognition programs, and the sharing of success stories in global forums. These efforts help us highlight and learn from impactful behaviours, while encouraging our people to role model the culture we aspire to.

Leadership development

We made good progress this year in delivering on our talent strategy, with a clear focus on leadership development to build the skills and capabilities needed for long-term growth. Central to this effort is strengthening our pipeline of future leaders. A key highlight was the participation of 78 senior leaders in our nine-month Enterprise Leadership program—a global initiative designed to cultivate an enterprise-wide mindset and leadership capability through a mix of virtual and in-person coaching.

Empowering our people through transformation

To help our people be more productive as we grow, we need consistent processes, reliable data, and robust platforms. Over the past five years, we have invested in digital platforms that foster effective cross-functional collaboration and support scalability.

We continue to expect our overall transformation investment to be around \$250 million. The final phase of the program will be focussed on our core ERP, underlying data and manufacturing systems. The balance of approximately \$130 million will be incurred in FY26 and FY27. Given the materiality of the investment, we will report it as a significant item from FY26.



“With the Baha Start Finn has just excelled throughout his development. The Baha has taken the obstacles, in our minds as parents, out of the equation. We know his future is going to be very, very bright.”

Parents of Finn, Baha Start Recipient



Environmental responsibility

We are advancing our net-zero strategy, enhancing emissions transparency, and embedding sustainability more broadly across our operations and product development.

Pathway to net-zero carbon emissions

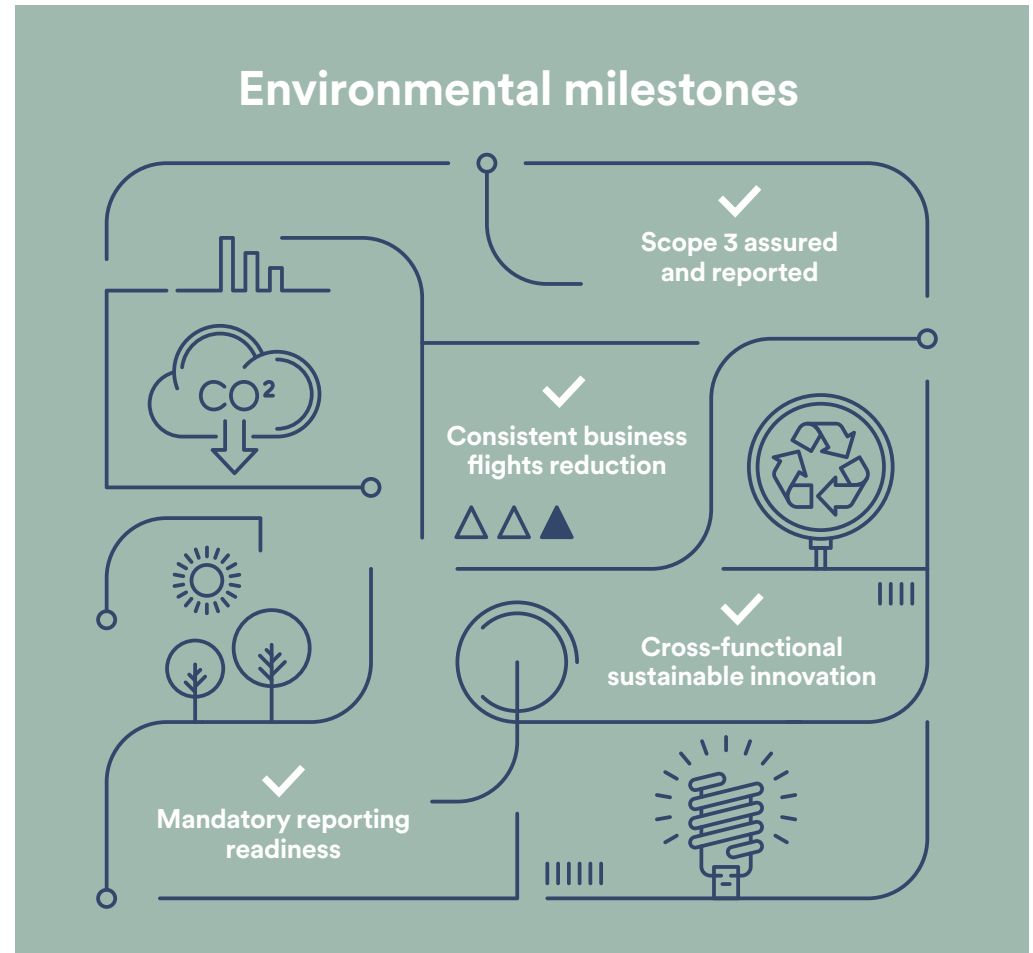
We continue to make good progress towards our net-zero targets. We have reduced Scope 1 and 2 emissions by 71% from our FY19 baseline by increasing renewable energy use at our manufacturing sites. We reached 99% renewable energy at our manufacturing facilities, using 100% renewable energy in five of our six facilities. And we reduced the number of flights taken per full time employee by 40% from our FY19 baseline.

We disclosed our Scope 3 emissions inventory for the first time, enabling us to better understand the key sources of emissions so that we can focus our reduction initiatives. The distribution of products to customers and business travel contributes the vast majority of emissions, representing around 70% of all emissions.

We are strengthening our collaboration with freight partners to advance low-carbon logistics and improve coordination of freight movements. We are also optimising shipping routes and streamlining the direct sourcing of key components, significantly reducing travel distances and eliminating intermediate transit steps for certain products.

Sustainable packaging

The Nucleus Nexa System packaging features a sustainable paper-based design that reflects our commitment to reducing environmental impact. Recyclable and designed to minimise plastic use and waste, the new packaging delivers the high level of product protection required to safely and securely deliver our sound processor activation kits, while aligning with our broader sustainability goals.





Sustained value

Financial discipline and commitment to high standards of corporate governance and transparency are central to the creation, maintenance and enhancement of long-term sustainable value.

Sales revenue increases 4% to \$2,356 million

We delivered record sales revenue of \$2,356 million, an increase of 4% (3% in CC), with strong growth in cochlear and acoustic implants moderated by a decline in Services revenue. The gross margin declined by one percentage point to 74%, driven by the mix shift in the second half to lower margin emerging market cochlear implants combined with lower overhead recoveries from the new Chengdu facility.

Operating expenses increased 5%. We continued to invest in activities to support long-term sustainable growth and R&D. We did however moderate the rate of growth in the second half, prioritising our investment on the highest-value activities. Total operating expenses also includes an approximate \$50 million reduction in the employee short-term incentive provision, the result of below target revenue and profitability. Cloud computing-related investment was \$33 million, which compares to \$30 million in FY24.

Underlying net profit increased 1% to \$392 million, within the updated guidance range provided in June. The underlying net profit margin, excluding the impact of cloud computing-related expenses, was 18%, and in line with our long-term target.

Net cash decreased \$238 million to \$276 million, reflecting continued investment in the business and a \$202 million increase in working capital. Inventory levels increased \$108 million ahead of major new product launches and the building of higher safety stock levels for critical components. The \$90 million increase in trade receivables reflects the relatively stronger fourth quarter sales in the emerging markets.

Dividends increase 5% to \$4.30 per share

A final dividend of \$2.15 per share has been determined, a 2% increase on last year and franked at 85%. Full year dividends have been declared of \$4.30 per share, an increase of 5% and representing a payout of 72% of underlying net profit.

* Excluding one-off and non-recurring items.

** Constant currency (CC) removes the impact of foreign exchange rate movements to facilitate comparability of operational performance.



Stephen meets the team that made his Nucleus Nexa cochlear implant

Stephen met the members of our production team that made his Nucleus Nexa cochlear implant. We take pride in connecting our customers with our production team. It provides an opportunity for our team to connect with customers and for our customers to see where we make their implants and meet the people who brought them the joy of hearing. At Cochlear, we put the customer at the centre of everything we do, and this initiative is a great way to remind ourselves that our work makes a difference to people's lives.



FY26 outlook

As we look to the future, we remain confident of the opportunity to grow our markets. There remains a significant, unmet and addressable clinical need for cochlear and acoustic implants that is expected to continue to underpin the long-term sustainable growth of the business. Our clear growth opportunity and the rising awareness of the link between cognitive decline and hearing loss, combined with a strong balance sheet, mean we are well placed to create value for our stakeholders now, and over the long term.

For FY26, we aim to help over 60,000 people to hear with a cochlear or acoustic implant and expect to deliver underlying net profit of \$435-460 million, an 11-17% increase on FY25, up 5-11% on a comparative (cloud adjusted) basis. We expect strong revenue growth in developed markets from the launch of the new Nucleus Nexa implant, moderated by lower growth in emerging markets revenue, with overall revenue and earnings growth weighted to the second half.

We launched the new Nucleus Nexa System in Europe and Asia Pacific in mid-June and will launch in the US at the end of the first quarter. The world's first and only smart cochlear implant system with upgradeable firmware has received an enthusiastic response from professionals globally, driving strong sales in early-access markets such as Germany and Australia. Availability is set to expand progressively throughout the first half. As a result, cochlear implant unit growth across developed markets is expected to exceed 10%, with growth weighted to the second half.

Emerging markets are expected to deliver strong growth in cochlear implant units, though revenue growth will be modest due to the expected high mix of lower-tier volume.

Services revenue is expected to deliver solid growth driven by an increase in the eligible base and contribution from the launch of the Kanso 3 Sound Processor, with sales weighted to the second half. Acoustics revenue is expected to deliver double digit growth with continuing geographic expansion of the Osia System and launch of the Baha 7 Sound Processor.

The gross margin is expected to be around 74%. We are continuing our investment in R&D and market growth activities to support long-term market growth, with an anticipated investment of around 13% of sales revenue in R&D. Net profit margin is expected to be a little below 18%.

Capital expenditure is expected to be \$100-120 million, with capacity expansion across our Australian and Malaysian sites. Cloud computing-related investment is expected to be around \$80 million after tax and will be reported as a significant item in FY26, with the balance to be invested in FY27. Guidance is based on a 66 cent AUD/USD (65 cent average in FY25) and a 56 cent AUD/EUR (60 cent average in FY25).

The increase in working capital was the primary driver of reduced cash levels in FY25, the result of growing inventory and trade receivables. Working capital is expected to reduce in FY26, with net cash expected to increase.

The Board has approved the buyback of up to \$75 million in shares over the next 12 months, and the dividend policy continues to target a payout of 70% of underlying net profit.

Alison Deans
Chair

Dig Howitt
CEO & President



Nancy, Nucleus System Recipient



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Strategy and value creation



Kenji,
Nucleus System recipient



We help more people to hear, creating value across five pillars

Strategic priorities focus our time and resources

Longer-term targets aim to provide clear stakeholder benefits

Our strategy

Our goal is to help more people to hear, which contributes to building a healthier and more productive society.

We create value for our stakeholders by **empowering** people to connect with others and live a full life, **transforming** the way people understand and treat hearing loss and **innovating** and bringing to market a range of implantable hearing solutions that deliver a lifetime of hearing outcomes.



A healthier and more productive society

Delivering societal benefit through improved health outcomes, educational cost savings and productivity gains.



A lifetime of hearing solutions

Innovating to build a market-leading portfolio of products and services that improve hearing outcomes and provide a lifetime of hearing solutions for recipients.



Thriving people

An engaged, capable, high-performing and diverse workforce that delivers on our strategy and supports the creation of sustained value.



Environmental responsibility

Minimising the impact of our operations on the environment.



Sustained value

Maximising spending to grow the market while maintaining our competitive position. Ensuring we operate fairly, honestly and legally.

Grow the hearing implant market

Retain market leadership

Build a stronger organisation

Minimise environmental impact

Consistent and sustainable growth

Society

Help at least 8% more people to hear each year with a cochlear or acoustic implant.

Customers

Develop market-leading technology and deliver a world-class customer experience to recipients and professional customers.

People

Retain employee engagement levels at or above 80%.

Planet

Net-zero carbon emissions in our operations by 2030 and across our value chain by 2050.

Shareholders

Sustainable and responsible business practices, targeting growth in sales revenue of around 10% per annum and an 18% net profit margin.



Our strategy

There are many important elements to our strategy which aims to create value over the long term.

Key inputs to creating value

Central to how we deliver our strategy and create value are the key resources we draw on.

- **Customers and communities:** Our capacity to create value depends on the strong and trusted relationships we build with our candidates, recipients, professional customers and payers.
- **Innovation:** We are pioneers and global leaders in the development, manufacture and commercialisation of implantable hearing solutions, collaborating with a global network of research partners.
- **Our people:** Our people's knowledge and expertise are central to how we deliver our strategy.
- **Financial and environmental:** Prudent management of financial capital and responsible production and consumption underpin the delivery of sustainable growth over time.

Our growth opportunity

Our growth opportunity is compelling and has remained unchanged for many years. Hearing loss is a prevalent and under-treated condition and implantable hearing solutions can provide life-changing outcomes for recipients. Importantly, they are a cost-effective solution for all age groups, delivering significant returns on the investment made by the healthcare system.

The factors driving industry growth are detailed on pages 26 to 27.

Key market segments

We grow the market by transforming the way people understand and treat hearing loss. Our efforts are targeted at improving awareness, expanding access and building on the clinical evidence that demonstrates the effectiveness of our products.

On pages 28 to 29 we detail what we are doing to address our key market segments.

Strategic priorities

On page 30 we provide a snapshot of the strategic priorities that determine how we focus our time and resources to create value. At a high level we aim to:

- Grow the hearing implant market;
- Retain market leadership;
- Build a stronger organisation;
- Ensure we are environmentally responsible; and
- Deliver sustained value.

Stakeholder benefits

On page 31 we outline how our key stakeholders should benefit over time. Success for us is defined by creating value across all key stakeholders, which includes our customers, our people, our shareholders, the environment as well as society more broadly.

Value creation

On pages 32 to 72 we describe some of the key activities we are pursuing over the next five years to create value.

Governance and risk

On pages 79 to 92 we outline our approach to governance and risk. We believe high standards of corporate governance and transparency are fundamental to the sustainable, long-term success of the business. Our strong governance framework provides a solid structure for effective and responsible decision-making, and our risk management framework enables us to identify, assess and appropriately manage risks.

Our sustainability approach

Sustainability is integrated into business strategy, reinforcing our focus on creating positive social impact at individual and societal levels, while minimising our environmental impact.

Our material sustainability topics support and guide our strategic priorities, helping us to assess and manage risk and improve performance.

The Board is responsible for overseeing the approval and integration of sustainability initiatives (including environment and climate-related) into business strategy and operations and approving sustainability policies and goals. Further details on our sustainability approach can be found in the Sustainability data appendix on page 170.



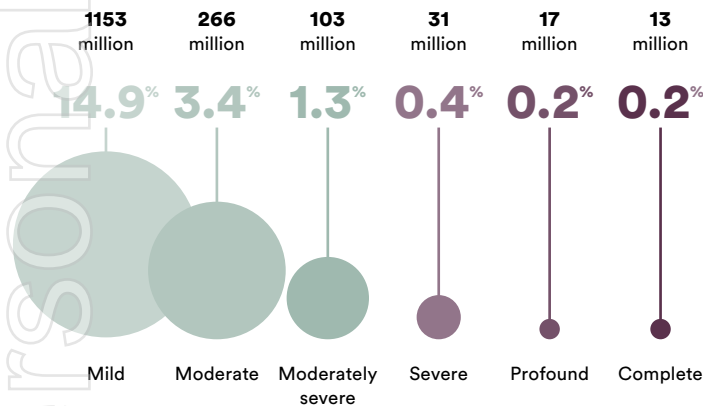
Growth opportunity

Growing awareness of the cost-effectiveness and quality of life benefits of our products has the potential to underpin long-term industry growth.

Hearing loss is prevalent and under-treated

The World Health Organization (WHO) estimates that there are over 60 million people worldwide who experience severe or higher hearing loss,¹ yet fewer than 5% of the people that could benefit from an implantable hearing solution have received one.²

Over 60m people with severe or higher hearing loss



Globally 1.5 billion people live with hearing loss
Source: World Health Organization; 2021

* Cochlear estimate

Cochlear implants are a cost-effective solution for all age groups

Cochlear implants can provide life changing outcomes for recipients, empowering them to connect with others and live a full life. They also provide a cost-effective solution for all age groups, delivering significant returns on the investment made by the healthcare system.

Significant return on investment for healthcare systems investing in cochlear implants



For a pre-lingual deaf child, the return to society is more than 13 times for every dollar spent on a cochlear implant solution based on the cost savings in education and improved productivity as an adult.³

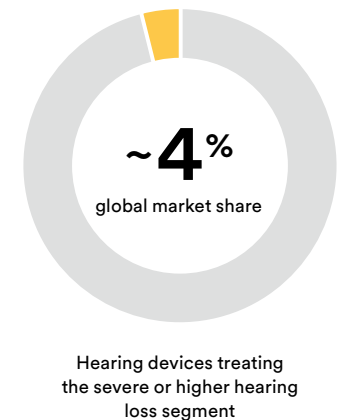
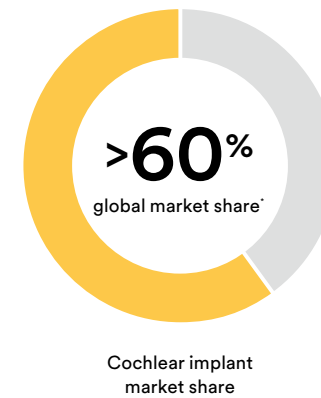


The effective use of implants is cost-effective in adults and seniors with an estimated return on investment of 10:1.⁴

Cochlear implants can deliver superior outcomes to hearing aids for indicated patients

Cochlear implants can provide a significant improvement in hearing outcomes and quality of life when compared to hearing aids for many people with a severe or higher hearing loss. However, only 4% of people in this segment have a cochlear implant.

We are the global leader in cochlear implants but a small player in the severe or higher hearing loss segment where hearing aids dominate





Growth opportunity

Product indications are broadening and funding is expanding

Product indications and funding are expanding as payers increasingly recognise the improved outcomes and cost-effectiveness of our implantable solutions.

Changes to reimbursement or indications

US:
lowered the age of cochlear implantation from 12 to 9 months for Cochlear's Nucleus® implant

US, UK, Germany, France, Spain, Sweden and Australia:
Cochlear™ Osia® System reimbursement achieved

Japan, UK and Belgium:
expansion of reimbursement criteria for cochlear implants to include severe hearing loss

US:
lowered the minimum age for implantation of the Osia System from 12 to 5 year-old children

US:
obtained FDA approval for the treatment of unilateral hearing loss and single-sided deafness with a Cochlear™ Nucleus® implant

US:
the Centers for Medicare & Medicaid Services expanded coverage for cochlear implants to cover a broader spectrum of hearing loss

France:
reimbursement approved for Baha® sound processors

Good hearing is essential to healthy ageing

Hearing loss is particularly prevalent in people over the age of 60, with one in four suffering moderate or higher hearing loss.⁵

There is a growing understanding of the importance of properly treating hearing loss in this age group. It affects communication and is associated with cognitive decline, social isolation, anxiety and depression.⁶

Growing understanding of the link between good hearing and healthy ageing



Cognitive decline
Hearing loss associated with accelerated cognitive decline and dementia in older adults.⁷



Depression
Significant association between hearing impairment and moderate to severe depression.⁸



Falls
Higher risk of dizziness causing falling.⁹



Social isolation
Hearing loss linked to withdrawal from social interactions, which can have a significant impact on psychological well-being and physical health.⁹



Ability to work
Hearing loss can affect the ability to work or stay in the workforce.¹⁰



Loss of independence
Seniors with hearing loss less likely to be able to self-care.⁸



Key market segments

Our efforts are targeted at improving awareness, expanding access and building on the clinical evidence that demonstrates the effectiveness of our products across four key market segments.

Cochlear implants: Children in developed markets

Cochlear implantation has been established as the standard of care for newborns across the developed markets, with bilateral implants indicated across most countries as evidence supports the benefit of binaural hearing.



Addressable market*
~130,000 people
Current penetration
>80% under 3-year-old children

What we are doing

Cochlear implants started as a solution for children with a profound hearing loss. Over the last 30 years, neonatal screening has been successfully established across the developed world leading to high rates of cochlear implantation for young children.

The key priority for this segment is to maintain our leadership position while aiming to improve the rate of implantation, and/or the uptake of bilateral implants, in countries where current levels are below average.

There is also an opportunity to strengthen the treatment pathway for acquired or progressive hearing loss in older children. Lack of screening for children who have progressive hearing loss in childhood means that hearing loss often remains unidentified and without care.

The WHO's World Report on Hearing notes the importance of hearing in education and says that the inclusion of ear and hearing care in school health services is essential. It highlights pre-school and school children as a group 'at risk' and proposes that screening and early intervention programs be put in place for this group as part of the holistic package of ear and hearing care interventions it proposes all countries adopt.

* Cochlear estimates of segment prevalence of severe or higher hearing loss.

Cochlear implants: Adults and seniors in developed markets

Adults and seniors in the developed markets provide the biggest opportunity for us to address the unmet need for hearing implants given the large, and growing, market size as the population ages and the low levels of penetration.



Addressable market*
>6m people
Current penetration
~3%

What we are doing

According to the WHO, hearing loss is particularly prevalent in people over the age of 60, with 65% experiencing hearing loss and one in four people suffering moderate or higher hearing loss. It affects communication and is associated with social isolation, anxiety, depression and cognitive decline.¹ The segment is however challenging to address as most candidates suffer from a progressive hearing loss and, together with their care providers, either do not know about cochlear and acoustic implants or do not understand the indications for them.

While penetration rates are currently very low, at around 3%, the seniors segment has been the fastest growing segment for us over the past few years as awareness begins to improve. We have a range of programs for driving growth of the adults and seniors segment including:

- **Direct-to-consumer (DTC) marketing** – building awareness directly with candidates motivated to find a better solution for their hearing loss;
- **Hearing aid channel referrals** – building a referral path from hearing aid and ENT clinics to cochlear and acoustic implants; and
- **Standard of care initiatives** – supporting initiatives to deliver a consistent treatment pathway.



Key market segments

Cochlear implants: Children in emerging markets

Our emerging markets business has been growing rapidly as awareness of cochlear implants increases and wealth grows across many emerging economies.



Addressable market*
>1.3m people
Current penetration
<10%

What we are doing

Our emerging markets business has been growing rapidly as awareness of cochlear implants increases and wealth grows across many emerging economies. Most countries however remain very under-penetrated. Our priorities for this segment are focused around market expansion with activities targeted at:

- **Building awareness** – public education campaigns, direct-to-consumer marketing and hearing screening;
- **Expanding funding** – driven by the compelling health economics of implantation in children;
- **Expanding our presence** – distributor relationships combined with an expanding direct presence;
- **Developing professional capability** – surgeon training and audiology education; and
- **Maximising penetration** through a tiered product offering.

Acoustic implants: Next generation bone conduction hearing solutions

The bone conduction market is under-penetrated and currently has limited geographic reach. We have developed a product that we believe provides the opportunity to drive deeper category penetration.



Addressable market*
>3m people in developed markets
Current penetration
<1%

What we are doing

We have recently introduced the next generation of bone conduction hearing solutions into our Acoustics portfolio with the Cochlear™ Osia® System, providing a significant improvement in performance and aesthetics for bone conduction patients.

Clinical studies have demonstrated significant improvements in outcomes for patients² over traditional bone conduction hearing solutions, and we are experiencing high demand for the implant in new markets where we have launched.

We believe the Osia System has the opportunity to become the gold standard acoustics implant in our current markets, more effectively competing with reconstructive surgery, and is the right product to pursue geographic expansion.

* Cochlear estimates of segment prevalence of severe or higher hearing loss.



Strategic priorities

Our strategic priorities determine how we focus our time and resources to create value. Over the coming years we are focusing our efforts on delivering value across the following initiatives:

Grow the hearing implant market

- Strengthen the referral pathway for adults
- Develop the acoustic implant segment
- Broaden reimbursement and improve indications
- Expand access in emerging markets



A healthier and more productive society

Retain market leadership

- Deliver compelling products and services
- Support recipient access to latest technology
- Maintain our lead in sales excellence and customer service
- Maintain high standards of product quality, safety and reliability



A lifetime of hearing solutions

Build a stronger organisation

- Strengthen and nurture a culture of aspiration, achievement, experimentation and enterprise mindset
- Attract, develop and retain world-class talent
- Support the engagement, wellness and safety of our teams
- Enhance global collaboration and performance



Thriving people

Minimise environmental impact

- Advance the implementation of initiatives to reduce our Scope 1, 2 and 3 carbon emissions
- Embed sustainability into product design, development and manufacturing
- Deliver a global approach to managing the environmental impacts of packaging and waste



Environmental responsibility

Consistent and sustainable growth

- Deliver sustainable financial returns
- Improve efficiency and agility
- Maintain high levels of corporate governance
- Ensure our supply chain is ethical and sustainable
- Vigilance around data security and privacy



Sustained value



Creating value for stakeholders

Value creation describes the impact we have on all our key stakeholders – our customers, our people, our shareholders as well as society more broadly. Successful execution means achieving the following outcomes for our stakeholders:

Society

- Appropriate funding and indications for a cost-effective intervention
- Standard treatment pathway for implantable hearing devices for all age groups
- Improved education and productivity opportunities
- Understanding of the link between good hearing and healthy ageing and the need to act



A healthier and more productive society

Customers

- High quality and reliability
- Improving hearing outcomes and quality of life for new and existing recipients
- The right care is available at the right time and is easy to use
- Reduced cost to serve for professional customers



A lifetime of hearing solutions

People

- A collaborative, values-driven culture that inspires innovation and customer focus
- Engaged, capable and high-performing employees
- Diverse, equitable, safe and inclusive workplace
- Engaging development and career opportunities



Thriving people

Planet

- Climate change mitigation and resilience
- Conservation of natural resources
- Reduced pollution and waste
- Healthier communities



Environmental responsibility

Shareholders

- Consistent financial performance
- Disciplined capital management
- Strong corporate governance
- Ethical and responsible supply chain



Sustained value



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A healthier and more productive society

Delivering societal benefit through improved health outcomes, educational cost savings and productivity gains.



A healthier and more productive society

We are focused on building a healthier and more productive society, delivering societal benefit through improved health outcomes, educational cost savings and productivity gains. We do this by transforming the way people understand and treat hearing loss through awareness and access activities.

Cochlear implants continue to deliver life-changing outcomes, empowering recipients to connect with others and lead full, engaged lives. They also offer a cost-effective solution across all age groups, generating substantial returns on investment for healthcare systems. Yet, despite their proven benefits, fewer than 5% of those who could benefit from an implantable hearing solution have received one.¹

In developed markets, the greatest unmet need lies within the adult and senior population. According to the World Health Organization, hearing loss affects 65% of people over the age of 60, with one in four experiencing moderate or greater impairment. This not only impacts communication but is linked to cognitive decline, social isolation, anxiety, and depression.²

Addressing this segment presents unique challenges. Many candidates experience progressive hearing loss and, along with their caregivers, may be unaware of cochlear and acoustic implants or unclear about their suitability.

We are intensifying our efforts to close this gap—focusing on raising awareness, expanding access, and strengthening the clinical evidence that supports the effectiveness of our solutions, particularly for adults and seniors. Over the following pages, we highlight key initiatives that are driving progress, creating value, and helping more people access the transformative benefits of implantable hearing technology.

Strategic priorities



Our target

Help at least 8% more people to hear each year with a cochlear or acoustic implant

Grow the hearing implant market

- Strengthen the referral pathway for adults
- Develop the acoustic implant segment
- Broaden reimbursement and improve indications
- Expand access in emerging markets

How society benefits

- Appropriate funding and indications for a cost-effective intervention
- Standard treatment pathway for implantable hearing devices for all age groups
- Improved education and productivity opportunities
- Understanding of the link between good hearing and healthy ageing and the need to act

Relevant UN Sustainable Development Goals





Developing a treatment pathway for adults

Standard of care initiatives aim to establish a consistent process for diagnosing and referring adult cochlear implant candidates by all healthcare professionals.

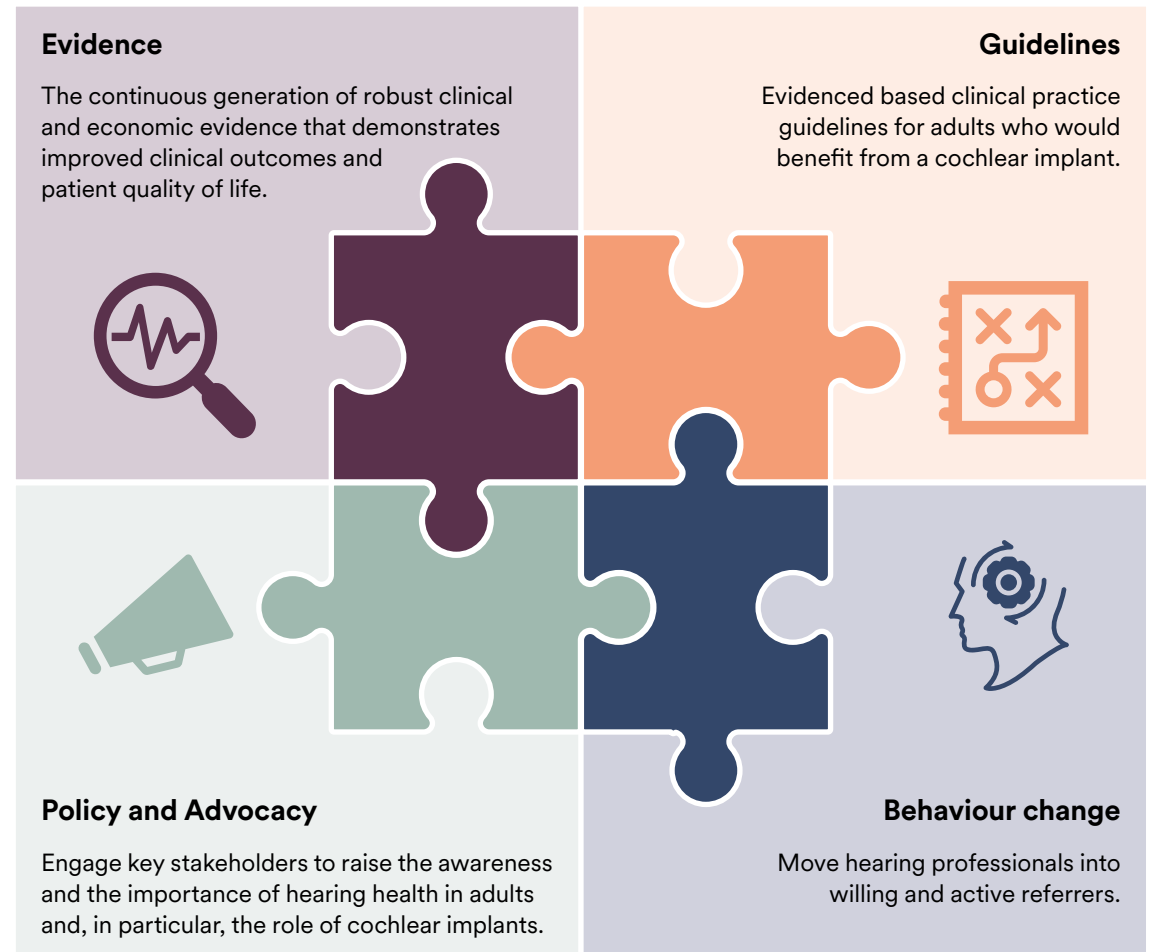
Adults and seniors in the developed markets present a significant opportunity due to the large and increasing market size, as well as the current low penetration levels.

One of our challenges is that awareness of cochlear implantation among primary and hearing health care clinicians is inadequate, leading to poor identification of eligible candidates. Clearer cochlear implantation candidacy criteria and referral pathways would help increase access to cochlear implants.³

To address this challenge, we are investing in long-term initiatives aimed at creating a standardised clinical pathway for adults—one that supports a more consistent and sustainable referral model. These efforts are focused on:

- **Building clinical and economic evidence** to support early referral and secure funding coverage;
- **Developing consistent referral guidelines** to establish a clearly defined care pathway for adult cochlear implantation;
- **Driving awareness and advocacy** through engagement with hearing professionals and patient advocacy groups; and
- **Behaviour change**, equipping clinicians to identify and refer candidates more confidently and consistently.

Key elements to developing a treatment pathway for adults





Building clinical evidence

Hearing health: A vital pillar for healthy ageing and cognitive wellbeing

Growing evidence continues to highlight the strong link between hearing loss and cognitive decline, underscoring the importance of hearing health in ageing populations.

A landmark study in 2011, which followed 639 adults over nearly 12 years, revealed a striking correlation⁴:

- Mild hearing loss doubled the risk of developing dementia
- Moderate hearing loss tripled it
- Severe hearing loss increased the risk fivefold

Since 2017, the Lancet Commission on dementia prevention has consistently identified hearing loss as one of the most significant—and potentially modifiable—risk factors for dementia in midlife.⁵

A comprehensive review of 50 studies further reinforced this connection, showing that every 10-decibel (dB) decrease in hearing ability was associated with a 16% increase in dementia risk.⁶

To explore the impact of hearing interventions, researchers at Johns Hopkins University launched the Aging and Cognitive Health Evaluation in Elders (ACHIEVE) study.⁷ This randomised controlled trial followed older adults with mild to moderate hearing loss over three years. The results were compelling:

- Hearing aid use slowed cognitive decline in those at higher risk
- Participants reported improved communication and reduced fatigue
- There was a 27% reduction in the average number of falls
- Social isolation and loneliness were significantly reduced

Beyond hearing aids, cochlear implants have shown even greater promise. A meta-analysis of 35 studies found that hearing rehabilitation—whether through hearing aids or cochlear implants—led to improved social outcomes.⁸ Notably, cochlear implant recipients experienced larger gains in social quality of life, possibly due to more severe pre-treatment hearing challenges.

In Australia, the University of Melbourne is leading the long-term COCHLEA study⁹, sponsored by Cochlear. In 2024, results from a 4.5-year follow-up revealed significant and sustained improvements in executive function and working memory among older adults with cochlear implants, along with stability across other cognitive domains.

Supporting these findings, a large-scale study in South Korea¹⁰—covering 97% of the population—revealed a strong link between hearing interventions and a reduced risk of dementia in adults aged 40 to 79 with severe to profound hearing loss.

Over more than a decade, researchers tracked dementia incidence across this population and found that individuals who did not use a hearing aid or cochlear implant for their severe to profound hearing loss were more than twice as likely to develop dementia compared to those with no hearing loss. Importantly, the incidence of dementia among cochlear implant recipients was comparable to that of individuals with no hearing loss.

Furthermore, cochlear implant users demonstrated a lower risk of dementia than those using hearing aids, underscoring the potential added cognitive benefits of cochlear implants.

These findings mark a major advancement in our understanding of hearing loss and its broader impact. They highlight the urgent need for individuals, healthcare professionals, and policymakers to prioritise hearing health—not just to improve communication, but to support cognitive function and healthy ageing.

Chronology of key evidence linking hearing loss to cognitive decline

2013

Untreated hearing loss associated with cognitive decline over 25 years

Amieva et al. (2015)

2010

Linear association between hearing loss and cognitive decline

Lin et al. (2011)

2019

Experts agree that treatment of hearing loss may reduce risk of cognitive decline

Buchman et al. (2020)

2016

Hearing loss identified as a large potential dementia risk factor

Livingston et al. (2017)

2025

No cognitive decline over four years in adults treated for severe hearing loss with cochlear implants

Sarant et al. (2024)

2022

Slower rate of cognitive decline in at-risk adults treated for hearing loss

Lin et al. (2023)



Comparing cochlear implants and hearing aids: The COACH study

In 2022, a groundbreaking clinical trial began in the UK that could reshape how we treat severe hearing loss. The COACH study¹¹—short for Comparing Cochlear Implants with Hearing Aids in Adults with Severe Hearing Loss—is the first randomised controlled trial of its kind to directly compare the outcomes of cochlear implants versus hearing aids in adults with severe sensorineural hearing loss.

This landmark study aims to evaluate which intervention more effectively improves speech understanding, communication, and overall quality of life. Participants are randomly assigned to one of two groups: one receiving traditional hearing aids, and the other receiving a unilateral cochlear implant.

By rigorously comparing these two treatment paths, the COACH study seeks to provide high-quality evidence to guide clinical decisions and policy. The trial is expected to span several years, with results anticipated to offer valuable insights into the most effective strategies for supporting adults with severe hearing loss.

Building consistent referral pathways for cochlear implant care

Establishing a standardised treatment pathway for adults eligible for cochlear implants is a complex but essential goal. It requires close collaboration among healthcare professionals, industry leaders, cochlear implant recipients, and public policymakers. In recent years, significant progress has been made toward this vision.

A major catalyst for change came in 2021, when the World Health Organization issued a global call to action through its World Report on Hearing.¹² In response, a task force of 52 international experts—including ENT surgeons, audiologists, general practitioners, academics, and cochlear implant users—joined forces to develop comprehensive global guidelines for adult hearing loss and cochlear implantation.

These evidence-based recommendations span the entire patient journey:

- Early screening and identification
- Timely referral to specialists
- Evaluation for cochlear implant candidacy
- Ongoing specialist aftercare

Importantly, the living guidelines provide global best practice and are currently being adapted and adopted into clinical practice guidelines in numerous countries, including Italy.

At a global level, the endorsement by the International Federation of Otorhinolaryngological Societies provides an opportunity to reach over 60,000 ENTs across the globe.

Their goal is to ensure that every adult with hearing loss receives consistent, high-quality care, regardless of where they live or who they see.

By aligning diagnosis, referral, and treatment practices across the hearing health ecosystem, these guidelines pave the way for more equitable access to cochlear implants and better outcomes for patients worldwide.

Building awareness and advocacy for cochlear implant care

Creating a consistent treatment pathway for adults eligible for cochlear implants goes beyond clinical practice—it requires a united effort across healthcare professionals, advocacy groups, researchers, and policymakers. Central to this mission is raising awareness, strengthening referral guidelines, and building a robust evidence base to support timely intervention.

One of the most impactful developments in recent years has been the formation of the Cochlear Implant International Community of Action (CIICA) in 2021. CIICA is the first global advocacy network led by cochlear implant users and their families. With over 123 member organisations from 40 countries, CIICA is dedicated to expanding access to cochlear implants and lifelong support. The organisation advocates for funding reform and promotes the health, social, and economic benefits of cochlear implants to individuals, healthcare providers, and society at large.

Cochlear also plays an active role in the World Hearing Forum, a global network committed to advancing ear and hearing care. Members of this forum support the implementation of the World Health Assembly's resolution WHA7013 on the Prevention of Deafness and Hearing Loss. The forum's collective vision is clear: to create a world where hearing loss is prevented whenever possible, and where those affected receive early identification and appropriate care to reach their full potential.

In addition to advocacy, Cochlear collaborates with leading academic institutions—including Johns Hopkins University and Macquarie University—on research initiatives that explore public health impacts, cost-effectiveness, and strategies to increase awareness.

Together, these efforts are helping to shape a future where cochlear implant care is more accessible, better understood, and consistently delivered across the globe.



Health, social and economic benefits of cochlear implants

The economic benefits associated with cochlear implants extend beyond healthcare budgets with significant net economic gains reported from a broader societal perspective which includes health outcomes, educational costs and productivity gains.¹³

Expanding access through broader cochlear implant indications

Cochlear implants were originally developed to help individuals with profound hearing loss—typically defined as greater than 90 decibels (dB). However, advances in technology have significantly improved hearing outcomes, making cochlear implants a transformative solution for people with severe hearing loss (greater than 60 dB) as well.

Alongside these technological improvements, there is growing recognition of the importance of treating hearing loss as we age. A robust body of evidence now supports the cost-effectiveness of cochlear implants¹⁴, further strengthening the case for expanding access.

These developments have led to broader clinical indications and increased funding in several countries, including the UK, US, Japan, France, and Belgium. More adults are now eligible for cochlear implants than ever before.

To support this progress, our market access teams work closely with governments and healthcare payers to advocate for the benefits of treating hearing loss. By demonstrating the long-term value of cochlear implants—both in terms of health outcomes and economic impact—we aim to ensure that more people can benefit from this life-changing technology.

The societal value of cochlear implants

Cochlear implants not only transform individual lives—they also deliver significant benefits to society. A 2021 European study quantified these impacts by age group, estimating a net societal benefit of £275,000 for adults and £76,000 for seniors with progressive profound hearing loss who received a cochlear implant.¹⁵

Building on these findings, we estimated that the recipients implanted over just the past 12 months could generate more than \$9 billion in net social benefit over their lifetimes. These gains stem from improved health outcomes, reduced educational costs, and increased productivity.

Despite these compelling benefits, penetration rates in developed markets remain low, particularly among adults and seniors—currently around 3%. By increasing access to cochlear implants, we have the opportunity to not only enhance the quality of life for thousands of individuals each year but also save billions of dollars in societal costs.

Expanding access is not just a healthcare priority—it’s a smart investment in public wellbeing and economic sustainability.

By improving penetration rates we can not only improve the quality of life of thousands of people each year but also further reduce the cost to society by billions of dollars.

Health, social and economic benefits of treating hearing loss

Children



Education

- Children with cochlear implants have a greater likelihood of acquiring oral language, integrating into regular schools and being able to experience sounds along with better speech skills¹⁶

Employment

- More likely to be in paid employment as adults¹⁷

Adults



Employment and productivity

- Reduces odds of unemployment or underemployment¹⁸
- Cochlear implantation associated with positive change in employment status¹⁹ and increase in income compared to pre-implantation
- Stay in work for longer²⁰ – reduces premature retirement

Seniors



Health and community connection

- Untreated hearing loss is associated with lower quality of life and higher cost of care due to higher risk of cognitive decline, depression, social isolation, falls and loss of independence²¹



Improving access in emerging countries

We are continuing to identify opportunities in emerging economies to grow the hearing implant market, with a focus on improving rates of implantation in children.

Our business in the emerging markets is expanding rapidly, fueled by rising awareness of cochlear implants and increasing economic prosperity across many regions. Yet, despite this momentum, most countries remain significantly under-penetrated when it comes to hearing implant access.

To address this gap, we are investing in localised training and education to raise awareness among healthcare professionals and potential candidates. These efforts help build foundational knowledge about hearing loss and available treatments, empowering more people to seek timely intervention.

We also leverage our global partnerships—including collaborations with patient advocacy groups, researchers, and public health organisations—to support policy initiatives such as newborn hearing screening, the expansion of clinical services, and improvements in reimbursement frameworks.

A key focus of our strategy is lowering the age of implantation for children, as early intervention is strongly linked to better hearing outcomes. These improvements, in turn, lead to enhanced educational and employment opportunities later in life. Our approach aligns with the recommendations of the Joint Committee on Infant Hearing²², which advocates for all children with hearing loss to receive intervention by six months of age.

By combining education, advocacy, and policy engagement, we are working to unlock the full potential of cochlear implants in emerging markets—improving lives and creating lasting societal impact.



Renata,
Nucleus System recipient

Expanding Hearing Access in Mexico

In 2025, Mexico's two largest public health institutions incorporated cochlear implants into their national health catalogues, ensuring full coverage of the devices and lifelong support services for all eligible patients, regardless of age. This milestone, driven by dedicated advocacy efforts, is now opening doors to further expansion across other public sectors—paving the way for systemic change and helping more people hear and be heard.



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A lifetime of hearing solutions

Innovating to build a market-leading portfolio of products and services that improve hearing outcomes and provide a lifetime of hearing solutions for recipients.



A lifetime of hearing solutions

We innovate to build a market-leading portfolio of high-quality products and services that improve hearing outcomes and provide a lifetime of hearing solutions for recipients. And we invest in education and clinical support tools to ensure our professional customers have convenience and confidence in caring for implant candidates and recipients.

For over 40 years, Cochlear has been the global leader in implantable hearing solutions. Our commitment to research and development (R&D) drives this leadership, with a focus on delivering market-leading technology that enhances hearing outcomes and improves quality of life for our recipients.

Each year, we invest approximately 12% of our sales revenue into R&D, amounting to over \$3 billion since listing. Our innovation is protected by a robust portfolio of more than 2,300 patents and patent applications worldwide.

Our global innovation network includes more than 600 R&D professionals across key locations:

- Sydney, Australia – our primary R&D hub, co-located with the Australian Hearing Hub
- Belgium – home to the Cochlear Technology Centre, focused on advanced innovation
- Sweden – specialising in acoustics and software
- France – with the team from the Oticon Medical acquisition
- Malaysia – where we are expanding our R&D capabilities

In FY25, we helped over 53,000 people hear through one or more of our cochlear or acoustic implants. With more than 900,000 implants delivered globally, we support over 750,000 individuals on their hearing journey—making us the largest recipient base in the industry.

Every implant marks the beginning of a lifelong partnership with our recipients. Our goal is to continuously improve hearing outcomes through advancements in sound processor technology, while making aftercare simpler and more cost-effective for both recipients and the professionals who support them.

In the following pages, we'll explore our innovation priorities, our history of breakthrough technologies, our expanding portfolio of connected care solutions, and our unwavering commitment to product quality and reliability.

Strategic priorities



Our target

Develop market-leading technology and deliver a world-class customer experience to recipients and professional customers.

Retain market leadership

- Deliver compelling products and services
- Support recipient access to latest technology
- Maintain our lead in sales excellence and customer service
- Maintain high standards of product quality, safety and reliability

How our customers benefit

- High quality and reliability
- Improving hearing outcomes and quality of life for new and existing recipients
- The right care is available at the right time and is easy to use
- Reduced cost to serve for professional customers

Relevant UN Sustainable Development Goals





Innovation focus areas

Focus areas for R&D span four key areas – improving hearing outcomes, making life easier for customers, integrating our ecosystem of products and services with connected care solutions and exploring options to expand the portfolio.

Advancing hearing outcomes and innovation

Over the past 40 years, Cochlear has made significant strides in improving hearing outcomes for recipients. Innovations such as dual microphone technology, advanced sound pre-processing, and user-controlled settings have enabled better hearing in diverse environments. These advancements have also expanded cochlear implant eligibility to include individuals with severe hearing loss, not just those with profound loss.

Yet, the journey continues. Together with our research partners, we're exploring new frontiers to further enhance hearing outcomes—reducing listening effort, improving sound quality, and protecting the delicate structures of the inner ear. This includes investigating drug-device combinations, enhanced electrode-neural interfaces, and next-generation surgical techniques.

Enhancing lifestyle and ease of use

Recipients increasingly seek sound processors that are smaller, lighter, and smarter. Each generation of our technology has delivered on these expectations, with today's devices seamlessly integrating with smartphones to simplify everyday life.

Looking ahead, our long-term goal is to develop a totally implantable cochlear implant—a solution that offers 24/7 hearing without the need for an external sound processor. While a commercially available product is still years away, this innovation promises both functional and aesthetic benefits, redefining what's possible in hearing care.

We're also focused on improving the experience for hearing professionals. Future fitting processes are expected to become simpler, more automated, and AI-assisted, helping clinicians deliver optimal outcomes more efficiently.

Connected care: a new vision for hearing health

Our vision for connected care brings together Cochlear, recipients, and hearing care professionals in a unified ecosystem. The goal is to ensure that the right care is available at the right time, and that it's easy to access and use.

As the industry grows, connected care tools will help professionals manage increasing patient volumes while offering greater convenience. By enabling secure, on-demand access to comprehensive patient and product information, we support evidence-based decision-making and the delivery of high-quality, patient-centred care.

Expanding innovation beyond hearing loss

Our innovation efforts extend beyond cochlear implants. We're also advancing acoustic implant technology, with a major milestone achieved in 2020 through the launch of the Cochlear™ Osia® System—a transcutaneous bone conduction implant that offers improved performance, aesthetics, and quality of life. This breakthrough is driving broader adoption and geographic expansion of our acoustic portfolio.

Looking even further ahead, our innovation fund and research partnerships are exploring how Cochlear's technology could be applied to new treatment areas beyond hearing loss, opening exciting possibilities for future healthcare solutions.



A history of meaningful innovation

Innovation matters. We are focused on delivering key technology improvements to our recipients. These innovations bring performance that matters, a true connection to life and a lifelong commitment to all of our recipients. The most advanced and reliable devices on the market are a result of over 40 years of dedication to innovation.

Cochlear implants

Our R&D is focused on improving hearing outcomes and improving recipient quality of life. For more than 40 years Cochlear™ Nucleus® Implant innovations have delivered:

- Improved hearing outcomes, resulting in improved speech perception, particularly in noise. These improvements have led to a broadening of treatment indications from profound to moderate-severe hearing loss and also new indications such as hybrid and single-sided deafness;
- The world's thinnest cochlear implants, designed to be discreet when implanted and providing a natural appearance;
- The world's thinnest electrodes and only perimodiolar electrode designed to sit close to the hearing nerve, supporting cochlea health and delivering clearer sounds;
- Convenient and pain-free MRI scans at 1.5 and 3.0 Tesla without the need for magnet removal; and
- Industry-leading reliability based on exceptional product design, extensive testing and world-class manufacturing that speaks not just to past performance but builds trust in future innovation.

Cochlear implants

Year	Model	Key Innovation
1985	Nucleus 22	World's first commercial multi-channel cochlear implant with 22 electrodes
1997	Nucleus 24	World's first cochlear implant with removable magnet for MRI safety
2000	Nucleus 24 Contour	Released with perimodiolar and straight electrodes
2005	Freedom	World's most implanted cochlear implant
2009/2014	Nucleus Profile	World's thinnest implant, offers ease of use and faster surgery due to minimal drilling
2019	Nucleus Profile Plus	World's thinnest implant, MRI 1.5 and 3 T compatible with magnet in place
2025	Nucleus Nexa	World's first and only smart cochlear implant system, with upgradeable firmware



Cochlear implant sound processors

Over the past 40 years we have been improving the quality of life of our recipients with new sound processing technology that is compatible with both latest generation and older implants. Our sound processor innovation has delivered:

- Improved hearing outcomes with sound processing technology designed to provide clearer sound and reduced background noise;
- Connectivity to the world and people, by integrating with smartphone technology to allow direct streaming, control and monitoring with apps; and
- Lifestyle benefits, with each generation being smaller and lighter, easier to use and with longer battery life.

Cochlear implant sound processors



Freedom
Offered input processing technologies designed to mimic natural hearing and is the industry's first water resistant sound processor

Nucleus 5
Was 36% smaller than the Freedom sound processor and offers an average hearing improvement of 30% in noisy environments. Includes AutoPhone, the industry's first automatic phone detection ability.

KANSO
At launch, KANSO was the smallest and lightest off-the-ear sound processor available. KANSO was designed to help recipients hear with clarity using SmartSound® iQ with SCAN* and dual microphones, and is compatible with Cochlear™ True Wireless™ devices. KANSO is dust and splash resistant.

Nucleus 8
Designed to make communicating with people easier, the Nucleus® 8 Sound Processor delivers our latest hearing technology. It senses changes in the environment and automatically adjusts listening settings.

KANSO 3
Designed for comfort and connectivity, the KANSO 3 is the world's smallest, lightest and most advanced rechargeable off-the-ear sound processor.

Ready for next generation Bluetooth® LE Audio technology and able to connect directly to what's being broadcast at public venues such as airports, conference centres and theatres supporting Bluetooth Auracast™.



Winner of the prestigious Red Dot Design Award for Nucleus 5 and Nucleus 8.



Acoustic implants and sound processors

Bone conduction helps people with conductive hearing loss, mixed hearing loss and single-sided sensorineural deafness.

Our solutions use the body's natural ability to conduct sound through bone by bypassing damaged or blocked parts of the ear and delivering vibrations directly to the inner ear.

For more than 40 years, our Acoustic solutions have delivered improving hearing performance, higher fitting ranges to help

more patients, wireless and direct streaming, simplified surgical procedures and smaller external devices for better aesthetics.

In 2019, we expanded our portfolio into the next generation of bone conduction hearing solutions with the launch of the Cochlear™ Osia® System. It is the world's first active osseointegrated steady-state implant, using digital piezoelectric stimulation to bypass damaged areas of the

natural hearing system, sending sound vibrations directly to the cochlea.

The Osia System represents a significant improvement in terms of hearing performance, aesthetics and quality of life for bone conduction patients. We believe it is the right product to drive category growth and deepen penetration of bone conduction implants over time.

Baha System



1985

HC-100
World's first bone conduction sound processor



1997

Baha Cordelle
World's first superpower bone conduction sound processor



2005

Baha Divino
World's first digital bone conduction sound processor



2013

Baha 4
World's first wireless bone conduction sound processor



2015

Baha 5
World's first MFi bone conduction sound processor



2021

Baha 6 Max
World's first premium-power bone conduction sound processor



2025

Baha 7
World's first bone conduction sound processor with industry-leading connectivity



2002

Baha Softband
World's first bone conduction softband



2003

Self-tapping implant
World's first FAST surgery



2010

B1300
World's first bone conduction implant with surface technology



2017

Baha SoundArc
World's first bone conduction arc solution

Osia System



2019

OSI200 Implant & Osia 2 Sound Processor
World's first Active piezoelectric bone conduction System



2023

OSI300 Implant
World's first Active bone conduction implant with MRI compatibility at 3.0 T



Connected care solutions providing convenience and confidence powered by innovation

Connected care is our vision for hearing care – where Cochlear, the recipient and hearing care professionals work together to ensure the right care is available at the right time and is easy to use.

Our connected care solutions comprise a range of digital health solutions that provide new ways to deliver convenient, evidence-based care for patients at every stage of their journey, spanning surgical care, self-managed care, in-clinic care and remote care.

Surgical care

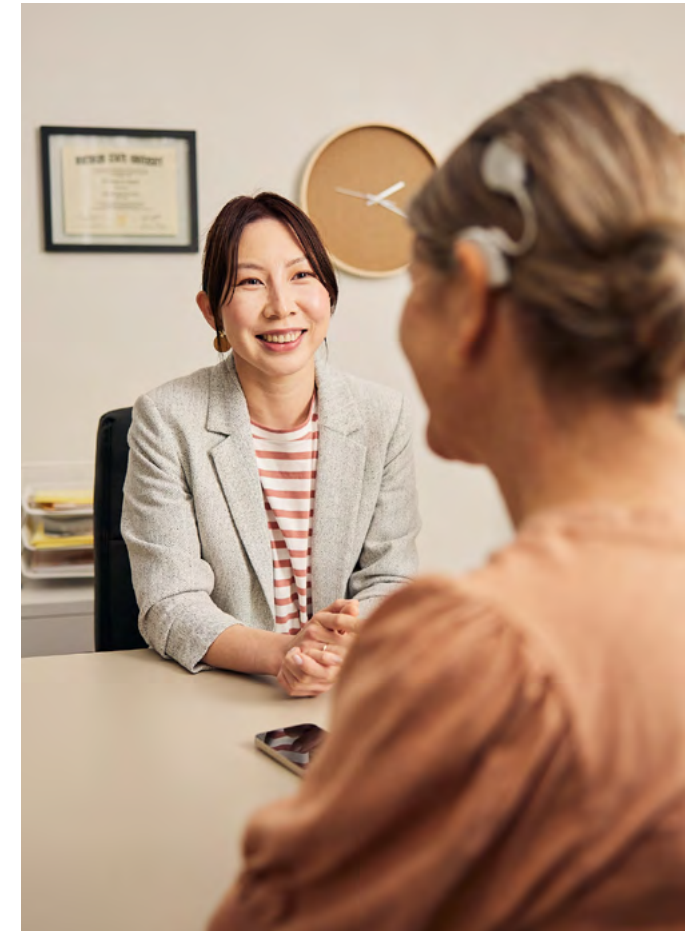
Surgical care solutions enhance patient outcomes through intraoperative tools and insights that improve the surgical experience. The award-winning Nucleus® SmartNav System supports surgeons in optimising electrode placement during cochlear implant surgery. It provides real-time, actionable intraoperative insights that increase confidence in device placement to help surgeons optimise outcomes and postoperative clinical performance.

In-clinic care

In-clinic care solutions optimise patient management and care, giving clinicians the time and flexibility to optimise appointments.

Our comprehensive range of fitting software uses our extensive fitting and performance data to inform and optimise programming. Our software is created using best-in-class design principles and harnesses over 40 years of experience and input from thousands of clinicians worldwide² to help drive consistent outcomes, clinic efficiency and personalised care.

Our fitting software keeps the patient at the centre of care, promoting patient engagement and facilitating more effective tracking of progress between appointments.³





Remote care

Remote care solutions allow clinicians to monitor patients and deliver quality care without a trip to the clinic.

We are the first company to offer app-based Remote care solutions for our acoustic and cochlear implant recipients. This means that recipients can conveniently access care from their clinician without a clinic visit – from home, at work, or when they’re travelling.

With Cochlear™ Remote Check, cochlear implant recipients can complete an asynchronous hearing health check through the Nucleus® Smart App without visiting the clinic. Their clinician can then review the results at a convenient time to determine if they are performing as expected or need follow-up.

Cochlear™ Remote Assist enables live video appointments for both cochlear implant and Baha® Implant recipients. The clinician can assess how the recipient is progressing and discuss any issues they are experiencing. The clinician can also connect remotely to the recipient’s sound processor to make adjustments or enable features in real-time.

By offering app-based Remote care solutions, we are meeting our recipients’ needs and making care more convenient. We assist our professional partners to increase clinic efficiency, providing greater flexibility, allowing clinicians to see more patients.

As hearing care evolves, our evidence-based Remote Care solutions will continue to enable more timely, effective and patient-centred care delivery.

Self-managed care

Cochlear™ Self-managed care solutions empower patients to actively manage their hearing experience in partnership with their clinician through their smartphone.

Self-managed care gives patients the option to proactively manage their device settings as they move through their day and encounter different hearing and communication conditions. Our range of mobile apps provide patients with the tools to manage their everyday situational hearing – whether they are adjusting their volume settings or using device features such as ForwardFocus.

With Self-managed care, patients also have access to interactive tools to help them practice and improve their listening and communication skills. These app-based solutions are designed to give patients the confidence to participate in the conversations and moments that matter most.



Leading on product quality and reliability

When choosing a cochlear implant, the reassurance of high-quality products that support a lifetime of hearing is key. Our market-leading products are the result of our world-class manufacturing process and meet stringent, internationally recognised standards.

When choosing a cochlear implant, long-term reliability and high-quality performance are essential. At Cochlear, our market-leading products are built to support a lifetime of hearing, backed by world-class manufacturing and adherence to internationally recognised standards.

As the global leader in implantable hearing solutions—with more than 900,000 devices supported—we take our responsibility for product reliability seriously. We report transparently in line with ISO 5841-24⁴, the European Consensus Statement on Cochlear Implant Failures and Explantations⁵, and ANSI/AAMI CI86 standards for safety, verification, labelling, and reliability.⁶

Our implants are the most reliable⁷ in the industry over time. For example, the Nucleus Profile Plus Series implant has achieved a combined cumulative survival percentage (CSP) of 99.76% within six years, while the Nucleus CI24RE Series, the world's most widely used cochlear implant with over 220,000 registered devices, maintains a CSP of 98.97% after 20 years. These results are published annually in the Cochlear Nucleus System Reliability Report, available on our website.

Product reliability is especially critical for children, where implant longevity directly impacts long-term outcomes. Our commitment to safety and performance begins with design and continues throughout the product lifecycle. Each product undergoes extensive internal and external testing to meet all applicable standards for its intended use.

Our Quality Management System (QMS) underpins this commitment. It ensures:

- Product safety and efficacy;
- Compliance with global regulatory requirements; and
- Consistent design, manufacturing, and marketing standards.

We continuously monitor product performance through robust post-market surveillance, using insights to improve current and future technologies. Our QMS is audited annually by regulatory agencies to ensure ongoing compliance.

Executive accountability for Quality and Regulatory Affairs lies with our Chief Technology Officer, supported by the Executive Team. The Vice President of Global Quality and Regulatory oversees the implementation and continuous improvement of the QMS, ensuring it remains effective and fit for purpose.

Undertaking pre-clinical and clinical trials to study the efficacy of new technology

At Cochlear, we are deeply committed to advancing hearing technology through rigorous scientific research. In collaboration with leading universities and research institutions, we conduct both pre-clinical and clinical trials to evaluate the safety and effectiveness of new innovations. These studies are carried out in accordance with international standards, including ISO 14155: Clinical investigation of medical devices for human subjects – Good clinical practice.

In FY25, we maintained a strong research pipeline with 37 active sponsored studies focused on technology development and lifecycle product support. The insights gained from these studies are shared with key stakeholders—including payers, regulators, and health technology assessment bodies—through public clinical trial registries and peer-reviewed publications.

Reflecting our commitment to evidence-based innovation, Cochlear-sponsored research led to 40 peer-reviewed publications this year alone. These outcomes not only validate the impact of our technologies but also support broader access and adoption across global healthcare systems.



Collaborating to advance hearing science and research

As a market leader we strive to help advance hearing health science and research. By working with other leaders in the sector, we can harness our collective expertise, skills, and imagination to achieve more for our customers and for the community.

Strategic research partnerships and global collaborations

Cochlear has established research collaborations with leading universities, research organisations and hospitals around the world. These collaborations build on the research expertise of the institutions, as well as their broader networks and ecosystems, to drive innovation in hearing technology and public health.

Many of these collaborations are focused on translating science into future products, with timeframes that span many years. We work on a broad range of research areas covering novel approaches to surgical techniques, electrodes, objective measures, sound coding, audiology and aftercare.



Macquarie University and Cochlear partnership in hearing health

University of Melbourne and the Royal Victorian Eye and Ear Hospital

It has been over 45 years since Professor Graeme Clark implanted the first multichannel cochlear implant and our long-standing research collaboration with the University of Melbourne and the Royal Victorian Eye and Ear Hospital continues.

Landmark collaborative research studies have been presented in recent international conferences. Professor Stephen O’Leary recently reported the results of a multi-centre research study⁸ of an electrode that incorporates a drug called dexamethasone that may be beneficial in supporting the long-term health of the cochlea, and Professor Robert Briggs reported on a study⁹ of a research on a totally implantable cochlear implant which allows a recipient to hear without an external sound processor.

Macquarie University and the Australian Hearing Hub

We have a partnership with Macquarie University, strengthening key initiatives and expanding our research portfolio. This year, four new collaborative projects were launched, focusing on vestibular function, the links between sleep and cognition in hearing loss, and biomarkers to enhance cochlear implant outcomes. With 11 currently active projects, the partnership continues to drive global innovation in hearing healthcare through multidisciplinary research.

Cochlear and Macquarie University are founding members of the Australian Hearing Hub (AHH) which brings together leading researchers, clinicians, service providers and industry participants with the vision of being the world leading community transforming hearing and communication. Key collaborative AHH research projects include Hearing Impairment in Adults: A Longitudinal Outcomes Study (HALOS) and the Cochlear Implant Neurotrophin Gene Therapy Clinical Trial.

Johns Hopkins University and the Cochlear Center for Hearing and Public Health

In 2018 Cochlear pledged US\$10 million over 10 years to establish the Cochlear Center for Hearing and Public Health at Johns Hopkins Bloomberg School of Public Health. Under the leadership of Professor Frank Lin, the Center focuses on hearing loss as a global public health priority, with an emphasis on the public health impacts of hearing loss in senior adults. Priority research areas include the contribution of hearing loss to the risk of cognitive decline and dementia in older adults and the epidemiology of hearing loss prevalence and risk factors.



Growing connectivity and engagement with our customers

We invest to provide our customers with a world-class customer experience with increased connectivity and engagement for recipients and products and services to improve convenience and confidence for our professional customers.

Cochlear Family: empowering recipients worldwide

Cochlear Family is our global membership program designed to support recipients and their carers throughout their hearing journey. Through proactive communications and hosted events, we provide education, resources, and encouragement to help recipients live more confidently with their implantable hearing technology.

As the world's largest community of hearing implant recipients, Cochlear Family is now available in 62 countries. In FY25, membership grew by 16%, reaching over 388,000 recipients globally—reflecting the growing demand for connection, support, and shared experience among our community.

Cochlear volunteer community: inspiring peer support

Our Cochlear Volunteer Community is a network of passionate recipients and carers who are dedicated to helping others navigate life with implantable hearing devices. Volunteers play a vital role in sharing personal experiences, offering practical advice, and helping candidates and recipients understand how to maximise the benefits of their devices.

We invest in our volunteers by equipping them with the knowledge and tools they need to support others effectively, fostering a culture of peer-led empowerment and advocacy.

Professional learning programs: building global clinical capacity

In FY25, we continued to strengthen hearing healthcare through our professional education programs, delivering virtual and hybrid training for ENT surgeons, audiologists, and oral rehabilitation therapists. These initiatives reflect our commitment to advancing clinical excellence and best practice worldwide.

- Over 6,600 hearing health professionals participated in our programs globally.
- In Europe, we hosted 42 events, engaging nearly 1,200 professionals.
- In Latin America, 23 events reached more than 350 professionals.
- In North America, 11 courses trained almost 1,200 audiologists and surgeons.
- Our Cochlear Clinical Skills Institute in Sydney provided hands-on training for over 80 surgeons.
- Across the Asia Pacific, we delivered a diverse range of in-person and online training, benefiting nearly 4,000 professionals.



Professional development at our headquarters in Sydney



Hands-on clinical training



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Thriving people

An engaged, capable, high-performing and diverse workforce that delivers on our strategy and supports the creation of sustained value.



Thriving people

Our people are our most valuable asset and are an engaged, capable and high-performing team that delivers on our strategy and supports the creation of sustained value. We have a diverse workforce with over 5,500 people across the globe. Their knowledge, expertise, passion and focus on delivering excellence is key to achieving future success.

For over 40 years, Cochlear has been helping people hear, guided by a strong culture of innovation, achievement, and inclusion. This legacy continues to shape who we are today—and who we aspire to be in the future.

As we grow, we recognise the importance of building a sustainable and reputable organisation. That means nurturing the cultural foundations that have driven our success, while intentionally evolving to meet the needs of a changing workforce and customer base.

In recent years, we've focused on strengthening our achievement culture and enhancing collaboration across teams to deliver on company-wide goals. We've also advanced our Talent vision and strategy to ensure we have the right capabilities, leadership, and culture to support our long-term growth ambitions.

Targeted training and development have helped us sharpen our priorities and work more effectively together—removing barriers and reinforcing our shared focus on what matters most: our customers.

To support this evolution, we've continued to refine our systems, processes, and organisational design, aligning them with our cultural priorities. We've also invested in leadership development, building critical skills and capabilities at the individual, team, and enterprise level.

Over the next few pages, we explore key elements of our people strategy—highlighting how we're creating value by investing in our people and shaping a culture that supports performance, innovation, and inclusion.

Strategic priorities



Our target

Retain employee engagement levels at or above 80%

Build a stronger organisation

- Strengthen and nurture a culture of aspiration, achievement, experimentation and enterprise mindset
- Attract, develop and retain world-class talent
- Support the engagement, wellness and safety of our teams
- Enhance global collaboration and performance

How our people benefit

- A collaborative, values-driven culture that inspires innovation and customer focus
- Engaged, capable and high-performing employees
- Diverse, equitable, safe and inclusive workplace
- Engaging development and career opportunities

Relevant UN Sustainable Development Goals





Strengthen and nurture a culture of aspiration, achievement and experimentation

As our business grows, we nurture the important elements of our culture that have brought us success, while continuing to evolve, intentionally shaping the culture that will enable us to grow and deliver for our customers as our workforce expands.

Ways of working together

At Cochlear, our culture is grounded in a set of values and behaviours that bring our mission to life and guide how we work together to achieve our strategy. These values are more than words—they are the principles that shape our decisions, actions, and interactions across the organisation.

Our core values reflect who we are and how we treat each other, our customers, and our partners:

- **Respect:** We value all individuals, regardless of background or beliefs.
- **Integrity:** We are honest, ethical and fact-based.
- **Accountability:** We own our responsibilities, actions and outcomes.

Complementing our values are the HEAR behaviours, which define how we work and collaborate. Together with our Global Code of Conduct, they provide a clear framework for fostering a positive, inclusive, and high-performing workplace.

These values and behaviours are central to our culture and are actively reinforced through leadership, training, and everyday practice—ensuring we stay true to our mission while continuing to grow and evolve.

Our HEAR behaviours



Hear the customer

Put the customer at the centre of all that we do

- I see what we are doing through the customers' eyes
- I factor in what the customer needs in my decision making
- I bring the voice of the customer into our conversations



Embrace change and innovate

Think differently to change and grow

- I simplify complex information to make it easy to understand
- I look for the simplest solution without adding complexity in the future
- I change my mind when persuaded by a better idea



Aspire to win

Inspire each other to achieve

- I push the team to take actions toward our stretch goals
- I prioritise my actions to get things done
- I raise difficult and important issues
- I take calculated risks to achieve our goals
- I take action without being told what to do



Remove boundaries

Unite and act as one

- I challenge others' opinions in a constructive way
- I speak supportively of decisions made by others outside my immediate team
- I seek and use input from other parts of the business to make decisions
- I put the interests of the organisation ahead of my own or my team



Shaping a culture for growth and innovation

Cochlear's culture is a key driver of our long-term success. Over the past few years, we've been implementing organisation-wide transformation programs to strengthen our business processes and IT platforms—enhancing efficiency, agility, and scalability.

To support this transformation, we've focused our cultural initiatives on reinforcing two of our core HEAR behaviours: 'Aspire to Win' and 'Remove Boundaries'. These behaviours are central to building the capabilities, skills, and mindset needed to thrive in a dynamic global environment.

To foster innovation and continuous improvement, we embedded an organisation-wide goal encouraging experimentation and learning into this year's objectives. Managers were asked to lead by example—initiating a change or experiment that could drive business improvement or future learning, and inspiring their teams to do the same. This initiative saw strong engagement, with 89% of employees setting an experimentation goal in FY25.

We also recognise that a psychologically safe workplace is essential for innovation to flourish. Through workshops such as 'Safe to Speak Up' and 'Courageous Conversations', we equip leaders with practical tools to foster open dialogue, build trust, and enhance collaboration across teams.

To ensure our cultural efforts are globally aligned yet locally relevant, we established regional Culture Advisory Councils with executive sponsorship. These councils drive scalable initiatives tailored to local needs, including Reverse Mentoring, First Mile Reflections, and a Hearing Awareness Module.

In response to evolving regulatory expectations, we also introduced a new Equal Opportunity Policy, reinforcing our commitment to an inclusive and respectful workplace.

Culture leadership: Building capability for the future

Leadership is one of the most powerful levers for shaping culture. In FY25, we continued to advance our Talent vision and strategy, focused on developing the leadership capabilities needed to support long-term growth.

We rolled out assessments for our top 100 senior leaders and people in key expert roles to establish baseline expectations and reinforce the cultural contributions we expect from leaders globally.

A highlight of our leadership development efforts was the Enterprise Leadership Experience—a nine-month global program designed to build enterprise leadership mindset and capability. Through a mix of virtual sessions, in-person workshops, coaching, and peer learning, leaders explored new approaches and evolved their leadership practices.

In FY25, 50 senior leaders completed the program, with another 28 currently participating. We plan to expand this opportunity further to build momentum and strengthen leadership capability across the organisation.

Accelerated Learning and Development

In FY25, we continued to invest in innovative learning and development programs designed to build leadership capability, broaden experience, and support career growth across the organisation.

Cochlear talent accelerator program

We launched the first pilot of the Cochlear Talent Accelerator Program, offering senior leadership talent the opportunity to take on a six-month development assignment in a different part of the business. This initiative is designed to broaden perspectives, deepen cross-functional understanding, and build strategic capabilities that add value across the organisation.

Action learning teams

In the US, a group of high-potential talent participated in a nine-month Action Learning Team focused on solving a critical business challenge outside their area of expertise. The program successfully delivered actionable solutions, with outcomes now being operationalised—demonstrating the power of collaborative, experiential learning.

Manager capability development

We also expanded our Manager Capability Development program globally, equipping leaders with the skills and knowledge needed to enhance team performance and employee experience. In FY25, over 2,000 courses were completed, with a 90% adoption rate, reflecting strong engagement and the relevance of the program across regions.

These initiatives reflect our commitment to building a high-performing, agile workforce—empowering our people to grow, lead, and contribute meaningfully to Cochlear's mission and future success.



Measuring our culture

The Employee Engagement Survey provides a measurement of how we are tracking on our culture journey. The results provide insights into how our people feel about working at Cochlear, highlighting both strengths and areas for improvement, enabling us to listen and respond in a focused way.

We are pleased to report that our total engagement score has been maintained at 80%, with 88% of employees completing the survey.

In response to the engagement survey, work is conducted in teams or departments to identify 'what is working well' and identifying and acting on what would be 'even better if'.

This year's survey has highlighted many things that are working well, for example:

- We continue to have a strong sense of pride in working at Cochlear;
- People continue to feel a connection between their work and our customers' needs;
- We are continuing to remove boundaries, particularly in seeking opinions, advice and solutions from people and teams across the business, and in sharing examples of diverse people / teams collaborating to deliver better customer outcomes; and
- There is observable progress in 'Aspiring to win' with people feeling safe to ask questions and try new ways of working in the interest of growth or innovation and prioritisation.

We also have heard it would be even better if we:

- Continue to prioritise building skills and the environment where people have the confidence and ability to speak up;
- Remain focused on developing communication across departments, clearly explaining reasons for changes that are being made;
- Encourage curiosity and openness to a broad range of perspectives; and
- Continue to improve our practices to encourage open and honest two-way communication.

Leading the Way

We set clear expectations of our leaders and recruit, measure and reward based on these criteria to build a strong pipeline of leaders for the future and strengthen our culture.

These criteria, along with success profiles for key roles, will be used to recruit, promote and develop leaders through our various talent and succession processes.

Since its launch in 2024, over 1100 people have completed 2000 courses from our Leading the Way Experiences – a set of leadership experiences (programs, toolkits, resources) designed to build capability in areas identified in our Leading the Way framework.

Leading the Way

Cochlear's Leadership Framework



Innovate Reconciliation Action Plan

We are committed to helping create an equitable and reconciled Australia and drive better outcomes for Australia's First Nations peoples.

The Innovate Reconciliation Action Plan (RAP) focuses on three key areas – hearing and ear health equity, cultural safety and understanding, and employment opportunities and outcomes.

Our RAP is guided by an employee-led working group, comprising representatives from various functions, locations, and levels of seniority across the organisation. On a quarterly basis the group reports on progress to our Australian-based executive team, which provides strategic direction and resources to support the successful implementation of initiatives and projects.



Cochlear Reconciliation Action Plan Working Group



Empowering our people through transformation

Being efficient has been a core driver of our success, but as our ambitions and customer base grow, so too does our responsibility to empower our people for the challenges ahead.

The increasing digitalisation of our product suite means our teams must be equipped with consistent processes, reliable data, and robust platforms. With our recipient base rapidly approaching one million people, we recognise the importance of having scalable, efficient ways to deliver exceptional service and innovative solutions.

To enable our teams, we have been investing in new technology platforms to support cross-functional collaboration and scalability, allowing our people to focus more on what truly matters: delivering value to our customers and communities. As part of the transformation program, we are investing about \$250 million over five years in cloud-based technology, with more than \$120 million already invested.

Change on this scale requires strong governance and a continuous improvement mindset. We have established clear frameworks and sustainable processes that encourage our people to share ideas and capture efficiencies. By equipping every team member with the right resources and support, we are building a stronger business, underpinned by a purpose-driven workforce.

Our people have embraced the changes enabled by these new platforms with optimism and resilience. Together, we have simplified our organisational structure, clarified decision rights, and worked collaboratively to standardise processes across our global business. This commitment has laid the groundwork for the next phase: building stronger, more agile teams that can respond quickly and confidently to evolving customer needs.

Through this transformation, our people will be better supported to meet the ever-rising bar of regulatory and security standards, ensuring transparency and trust at every level. As we move forward, it is our collective effort that will ensure our continued success and create lasting impact for those we serve.



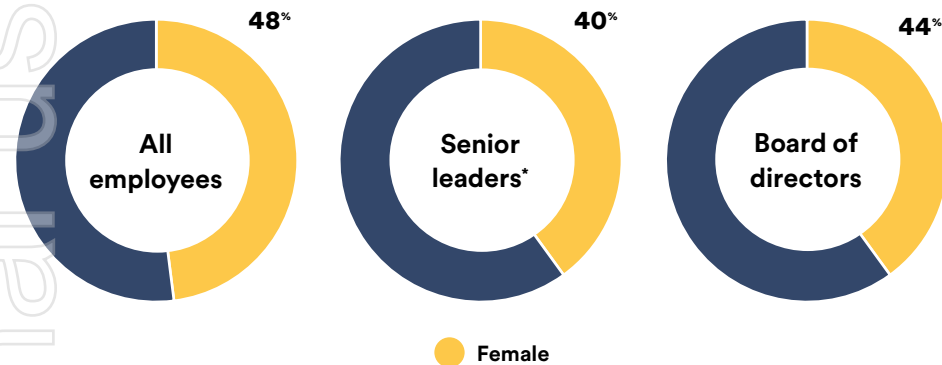


Attract, develop and retain world-class talent

We strive to attract and retain passionate and highly skilled professionals.

Our workforce

We are proud of our geographically diverse and capable global workforce. Our more than 5,500 people are based in over 50 countries around the world. More information about our workforce is in the Sustainability data appendix on page 174 and the Governance and Risk section on page 79.



Talent vision and strategy

To ensure we have the necessary talent, capabilities and culture to enable us to achieve our growth aspirations over the longer term, we are guided by our 'Talent vision and strategy'. The strategy focuses on capability development for all employees to strengthen our culture of innovation, achievement and inclusion.

We recognise that the increasing complexity of the global environment in which we operate will require our leaders to possess new and different skills and attributes to our leaders of today and we need to build this leadership capability internally as well as bring in diverse talent for the future. To do this we are focusing on:

- Developing capability in enterprise leadership, where our leaders are better able to navigate and perform horizontally across the broader enterprise;
- Developing and retaining our unique expert talent which is pivotal to the continued success and growth of our business; and
- Building a strong and deep pipeline of emerging talent, to ensure we have the high calibre leadership and expert talent required to support our continued growth over the longer term.

We are taking steps to embed and integrate our talent practices and principles into our recruitment, assessment, reward and retention initiatives to continue building and growing skills and capabilities end to end at both an individual and organisational level.

* For the purposes of this Statement, senior leaders are defined as all employees in Bands 1, 2 and 3; the three most senior levels with Band 1 being the Executive team. Excludes US based employee data.



Graduate program and internships

An important element of our talent strategy is to build our relationships with Australian school and university programs so that we continue to grow a pipeline of entry-level Science, Technology, Engineering, and Mathematics (STEM) talent, predominantly for our research and development business. We recruit from a diverse cohort of talented engineers to our Australian Graduate and Summer Intern Programs.

As Cochlear progresses from a Reflect to an Innovate RAP, we also continue to partner with Career Trackers for our fourth year, offering multi-year internships to First Nations students in Australia. This initiative aligns with our RAP commitment to explore opportunities to promote STEM development and career pathways for First Nations peoples in Australia.



Participants of the 2025 Australian Graduate Program

Rewarding performance

Cochlear's remuneration philosophy is designed to align with our strategic priorities and cultural aspirations. It ensures fair, performance-based rewards that reflect individual contributions and market value, while supporting our ability to attract, engage, and retain top talent.

Our remuneration and incentive programs are built on principles of internal fairness and external competitiveness. Roles are regularly benchmarked against market standards to ensure we remain competitive and consistent across regions.

In FY25, our remuneration structures remained stable, with employee sentiment continuing to reflect confidence in our approach. Engagement survey results showed steady scores for "At Cochlear, people are rewarded based on their performance," and a one-point increase in "I am paid fairly for what I do."

Participation in our Employee Share Purchase Plan continued to grow, reaching 42% in its fourth year—demonstrating strong employee engagement and belief in our long-term success.

We remain committed to transparency and compliance, submitting data to the Australian Workplace Gender Equality Agency (WGEA) in accordance with the Workplace Gender Equality Act 2012 (Cth) and Global Reporting Initiative (GRI) standards.

Our internal analysis of Australian pay data revealed a gender pay gap of 11.6% in FY24, down from 12.6% in FY23. This gap is primarily driven by a higher proportion of males in senior leadership roles. Importantly, the gap has steadily declined over the past eight years—from 22.3% in FY16.

To further support sustainable and equitable pay practices, we conducted a global review of remuneration and developed a roadmap focused on compliance and fairness. We are also preparing for the upcoming European Union Pay Transparency Directive, ensuring our practices remain aligned with evolving global standards.



Supporting the wellness and safety of our teams

We are committed to providing safe, healthy and secure workplaces for our employees and all others in our workplaces.

Supporting flexibility, wellbeing, and safety

At Cochlear, flexible working is a well-established part of our culture. Remote and hybrid work practices are supported through education, tools, and resources that help our people stay connected and lead effectively—ensuring inclusive, efficient, and safe working environments regardless of location.

Our commitment to flexibility is reflected in our employee engagement survey results, with 89% of employees agreeing they have the flexibility to manage work and personal responsibilities, and 87% feeling supported in balancing work, health, and wellbeing.

Holistic wellbeing: Employee assistance program

We take a holistic approach to employee wellness, maintaining both a physically safe and mentally healthy workplace. Our confidential Employee Assistance Program (EAP) is available to all employees and their immediate family members, offering support for emotional, financial, legal, and work-life concerns. This service ensures our people have access to help when they need it most.

Workplace health and safety: Proactive and preventative

Our workplace health and safety strategy focuses on injury prevention and early intervention, particularly for our Manufacturing teams. In FY25, we introduced several initiatives to strengthen our approach:

- Expanded access to onsite physiotherapy, treatment, and education;
- Dedicated injury management and return-to-work specialists;
- Partnership with a medical professional for early injury triage and treatment;
- Enhanced safety risk management framework, covering premises, processes, and equipment;
- Implementation of the People at Work survey, backed by Australian regulators, to identify psychosocial hazards;
- Updated overtime rostering guidelines;
- Diversification of the manufacturing workforce and increased task rotation;
- Ergonomic improvements to manufacturing processes.

While our Total Recordable Injury Frequency Rate (TRIFR) increased slightly to 3.9 in FY25 (up from 3.6 in FY24), injury numbers declined in the second half of the year—an early indication that these initiatives are beginning to have a positive impact.

These efforts reflect our ongoing commitment to creating a flexible, safe, and supportive workplace—empowering our people to thrive both personally and professionally.



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Environmental responsibility

To be a sustainable business, we aim to minimise the impact of our operations on the environment.

personal use only



Environmental responsibility

We are committed to promoting the sustainable use of natural resources and are implementing initiatives to reduce our environmental footprint.

Sustainability is integrated into our operations, processes and procedures. We are aligning our environmental initiatives to global sustainability reporting regulations and customer requirements.

We consider the environmental impact of our product development, manufacturing, packaging and logistics and are committed to using natural resources responsibly and efficiently.

To support our carbon reduction goals, we are advancing initiatives focused on increasing renewable energy use at our sites and reducing Scope 1 and 2 emissions. We are also minimising emissions from business travel and, for the first time, disclosing our full Scope 3 emissions profile.

Addressing climate-related risks is part of our risk management strategy. This year, we updated our qualitative scenario assessment to reflect the significance of climate risks and opportunities for our business.

This section outlines the initiatives and processes we have established to drive our progress towards our targets.

Strategic priorities



Our target

Net-zero carbon emissions in our operations by 2030 and across our value chain by 2050

Minimise environmental impact

- Advance the implementation of initiatives to reduce our Scope 1, 2 and 3 carbon emissions
- Embed sustainability into product design, development and manufacturing
- Deliver a global approach to managing the environmental impacts of packaging

How the planet benefits

- Climate change mitigation and resilience
- Conservation of natural resources
- Reduced pollution and waste
- Healthier communities

Relevant UN Sustainable Development Goals





Our pathway to net-zero emissions

We are actively participating in the global effort to address climate change and are using climate science to better understand our impacts and shape our strategy.

Our climate-related strategy

We have established short, medium and long-term Greenhouse Gases (GHG) emission reduction targets that are aligned with climate science. These targets reflect our commitment to supporting the transition to a low-carbon economy.

2025	<ul style="list-style-type: none"> 25% reduction in our absolute Scope 1 and Scope 2 emissions 50% reduction in business flight emissions 	Achieved
2030	<ul style="list-style-type: none"> Net-zero emissions in our operations (Scope 1 and 2) 	On track
2050	<ul style="list-style-type: none"> Net-zero emissions across our value chain (Scope 1, 2 and 3) 	On track

Scope 1 and 2 emissions

Efficiency initiatives are a key component of our strategy. We have continued to use renewable energy at our key sites, achieving an overall rate of 81% renewable electricity globally. These efforts ensure we remain on track to reach net-zero emissions by 2030, with minimal reliance on offsets.

Our manufacturing facilities account for approximately 70% of our purchased electricity consumption and nearly 25% of our Scope 1 and 2 emissions. Since 2019, we have achieved a 71% reduction in these emissions, surpassing our 2025 target, primarily through our transition to renewable energy.

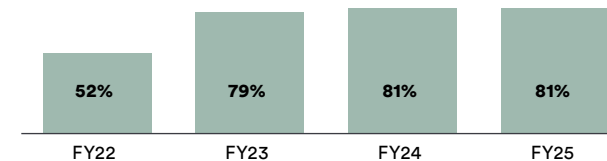
In FY25, 99% of the energy used at our manufacturing sites came from renewable sources. Notably, five out of our six facilities now operate on 100% renewable energy. We are actively working to expand renewable energy use across all locations.

We remain committed to reducing our dependence on fossil fuels and enhancing energy efficiency across our operations. At our Lane Cove site, our solar system continues to make a meaningful contribution to the site's overall energy use.

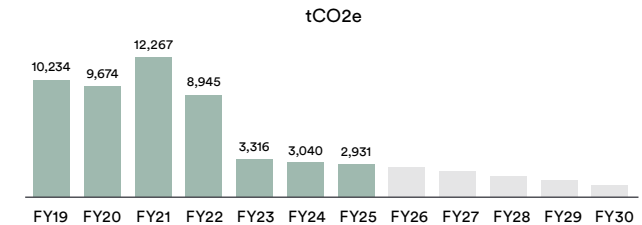
This year, our solar panels in Brisbane became fully operational, supporting the site's energy needs. At our Gothenburg site, a comprehensive upgrade to the heating, ventilation and air conditioning systems was completed, significantly improving energy performance and operational efficiency.

Our historical emissions and energy use data are available in the Sustainability data appendix.

Renewable energy in our operations



Scope 1 and 2 emissions roadmap



Emissions trajectory aligned with our reduction target



Scope 3 emissions

This year we are disclosing our complete Scope 3 emissions inventory for the first time, in alignment with the Greenhouse Gas (GHG) Protocol, marking a significant step forward in our emissions reporting journey. In total, our Scope 3 emissions amount to approximately 66,600 tonnes of CO₂, representing 96% of the total emissions.

We have refined our methodology to improve accuracy and transparency, enabling a clearer understanding of the indirect emissions generated across our value chain.

The Scope 3 emissions inventory has been externally assured, supporting our efforts to enhance climate-related disclosures. Of the 15 categories defined under the GHG Protocol, eight have been identified as relevant to Cochlear’s operations.

The most significant contributors to our Scope 3 emissions are business travel and distribution of products, as detailed in the following chart. These reflect the global scale of our operations and the importance of maintaining international collaboration. Purchased goods and services also represent a notable share of our Scope 3 footprint.

The inventory reinforces the importance of our emissions reduction target for business flights. In FY21, we set a target to reduce our business flights per full-time equivalent employee by 20% and our flight-related emissions by 50% by 2025, from a 2019 baseline.

We are pleased to report that we have achieved these targets. The absolute number of flights has decreased by 40% from our 2019 baseline, and our flight-related emissions by 50%, which includes the use of offsets.

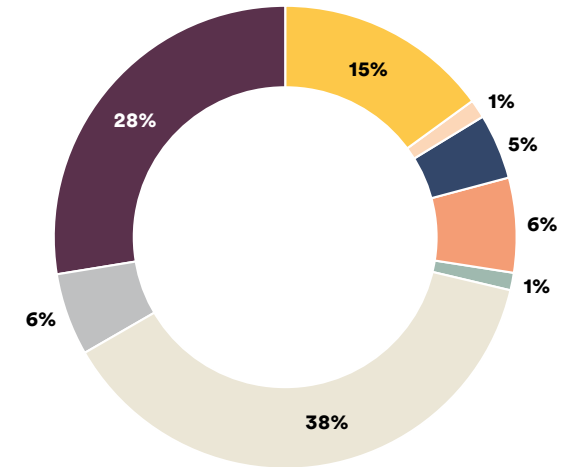
We continue to pursue initiatives to reduce Scope 3 emissions in our supply chain. In FY25, we strengthened our collaboration with freight partners to advance low-carbon logistics and improve coordination of freight movements.

A key milestone was our partnership with a logistics provider to enable the use of Sustainable Aviation Fuel for international shipments.

Additionally, we launched a project to optimise shipping routes and streamline the direct sourcing of key components, significantly reducing travel distances and eliminating intermediate transit steps for certain products.

A detailed breakdown of our Scope 3 emissions is available in the Sustainability data appendix.

FY25 Scope 3 emissions by category



- Purchased goods and services
- Capital goods
- Upstream energy
- Upstream transport and distribution
- Waste and water
- Business travel
- Employee commuting
- Downstream transport and distribution



Managing our climate-related sustainability risks and opportunities

We recognise that climate change remains one of the most pressing global challenges, with significant implications for human health and wellbeing. Guided by climate science, we are committed to deepening our understanding to effectively manage our environmental impacts.

This year, we reviewed and refreshed the qualitative climate-related risk and opportunity assessment first conducted in FY24. This updated assessment remains aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and reaffirms the alignment of climate-related risks and opportunities with our existing enterprise risk framework. We will continue to refine and implement this approach in the coming years in line with the upcoming climate disclosures across various jurisdictions.

Strategy

We conducted a qualitative scenario analysis to assess our climate risks and opportunities across three time horizons: short-term (up to 2030), medium-term (up to 2040) and long-term (up to 2050). The analysis considered two different emission scenarios to assess potential impacts on Cochlear’s business and resilience:

- A low emissions scenario, aligned with limiting global temperature rise to below 1.5°C, consistent with an orderly transition towards a decarbonized future and net-zero by 2050; and
- A high emissions scenario, consistent with a conservative estimate of emissions reduction resulting in a temperature rise above 4°C by 2100.

To identify potential physical and transition risks and opportunities across our operations and value chain, we conducted an extensive desktop review, interviews with relevant internal stakeholders and a validation workshop with relevant internal stakeholders. The identified risks and opportunities were categorised according to our enterprise risk register. A list of the identified risks and opportunities is available in the Sustainability data appendix.

Metrics and targets

The main metrics used to assess and manage climate-related risks and opportunities include:

- Scope 1, 2 and 3 emissions;
- Our targets to reach net-zero, in line with climate science; and
- Climate-related risks and opportunities.

Refer to Climate-related metrics on page 172 for more details.

Governance

The Audit and Risk Committee assists the Board to discharge its responsibilities in monitoring sustainability performance (including environment and climate-related), overseeing the implementation of sustainability initiatives and commitments and reviewing the assessment, management and response to these risks and opportunities.

The Executive Risk Management Committee is responsible for identifying, assessing and appropriately managing risk throughout Cochlear. Key risks are reported to the Audit and Risk Committee. The Global Sustainability Team provides regular updates to the committee on sustainability (including environmental and climate-related) risks opportunities.

Please refer to the Sustainability governance section of this report for more details.

Climate-related risks and opportunities



Strategy

Scenario analysis
short term
(up to 2030)

medium term
(up to 2040)

long term
(up to 2050)

Low and high
emissions scenario



Risk management

Climate-related risks and opportunities aligned with enterprise risk framework



Metrics and targets

Scope 1, 2 and 3 emissions

Net-zero target

Climate-related risks and opportunities



Governance

Board oversight

Audit and Risk Committee

Executive Risk Management Committee

Global Sustainability Team



Enhancing environmental management and compliance

We continue to integrate environmental considerations into our business, focused on minimising our impact and improving efficiency.

Sustainable design and packaging

We integrate sustainability into every stage of our product development, packaging, and logistics. Multidisciplinary teams work on improving the environmental performance of our products while ensuring compliance with medical device regulations which are focused on protecting the safety of patients.

The Nucleus® 8 Nexa Sound Processor reflects our commitment to sustainable innovation. Featuring Dynamic Power Management, it optimises energy use to deliver all-day battery life in the world’s smallest and lightest sound processor. Compared to its predecessor, it is 9% smaller and 12% lighter, offering improved battery efficiency through smarter power use.

In line with the increasing environmental regulations around packaging, we are actively working to reduce the environmental impact of our materials and processes. We use recyclable PaperFoam and biodegradable packaging across a growing number of our products.

To further minimise plastic use, we utilise paper filler in our shipping boxes instead of plastic bubble-wrap. Additionally, we are currently transitioning from PVC outer packaging sleeves to recyclable PET, reinforcing our commitment to more sustainable packaging solutions.

Environmental management

Our Environmental Policy sets out our commitment to managing and reducing our impact on the global environment. Working closely with our partners and suppliers, we monitor our environmental performance across our operations and across the value chain.

Life Cycle Assessment

In FY24, we conducted a systematic Life Cycle Assessment (LCA) of the Cochlear™ Nucleus® 8 Sound Processor using the SimaPro modelling software, a leading science-based methodology. The LCA measures environmental impacts during all stages of the product’s life.

The result is being used to foster sustainable innovation and guide better decisions throughout our products’ life cycle. Most lifetime emissions are from manufacturing energy consumption, which reinforces the importance of transitioning our manufacturing sites to renewable energy. The key conclusions are summarised in the following table.

Area	Conclusion
Carbon emissions	The small size of the products contributes to low manufacturing-related emissions. Utilising renewable energy at our manufacturing facilities has significantly reduced emissions related to manufacturing our products.
Batteries and magnets	Due to relatively high emissions, we will focus on efficiency and reuse opportunities.
Waste	Impact not material given the small size of the products.

Nucleus Nexa System Packaging

The Nucleus Nexa System packaging features a sustainable paper-based design that reflects our commitment to reducing environmental impact. Recyclable and designed to minimise plastic use and waste, the new packaging delivers the high level of product protection required to safely and securely deliver our sound processor activation kits, while aligning with our broader sustainability goals.





Resource efficiency

We are committed to improving resource efficiency, reducing waste and advancing circularity across our operations.

In the US, we continued to expand our digital labelling initiative, transitioning from paper-based to digital documents. We have saved over 36 million printed pages and 171 thousand plastic sleeves since November 2022, significantly reducing material use and waste.

Building on this progress, we introduced e-labelling in Europe with the launch of our Cochlear™ Nucleus® Nexa™ System, in line with regional regulations. User manuals for healthcare providers and documentation for the Nucleus Smart App are now available in digital format. We estimate this transition will save more than 4 tonnes of paper in the upcoming financial year.

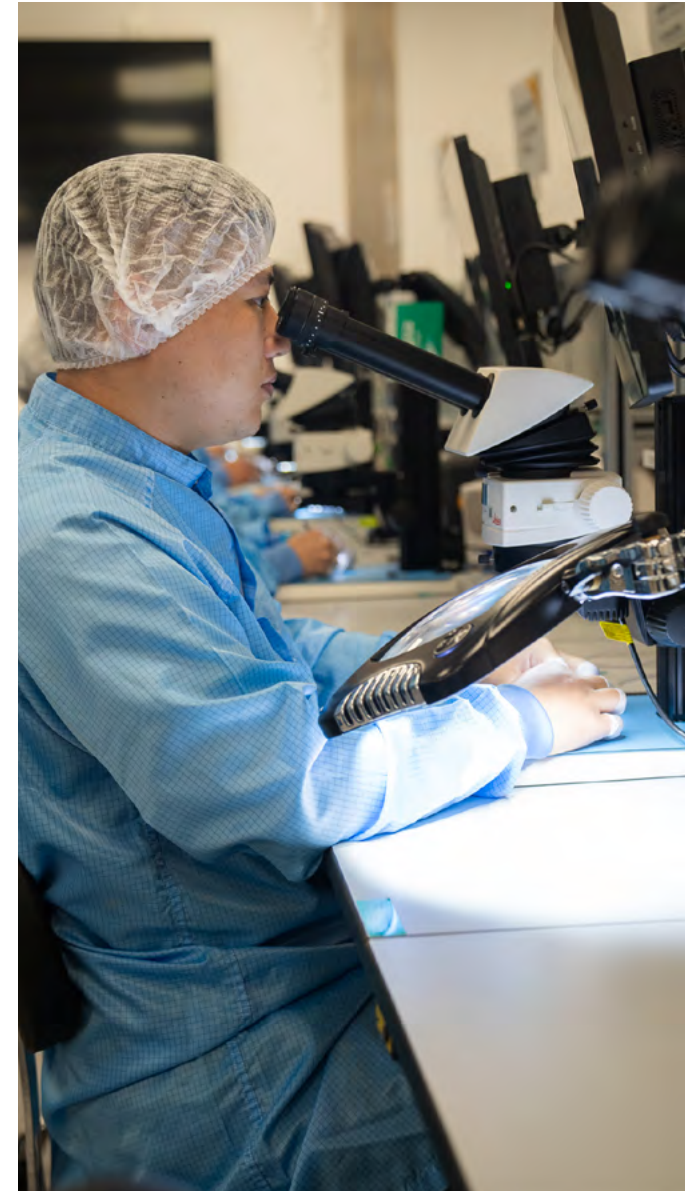
We continue to explore opportunities to extend digital labelling to other markets, supporting our broader sustainability goals.

To further reduce landfill waste, we invest in effective waste separation systems and promote recycling through staff education and engagement. Our sites are equipped to sort recyclable materials efficiently, and we actively work to avoid unnecessary waste.

Our current production processes use limited quantities of water, with the majority consumed through staff kitchens and bathrooms. We encourage responsible water consumption and continuously identify appropriate water-saving initiatives.

Environmental compliance

We comply with environmental regulations and standards across all regions in which we operate. Our products and processes are designed to comply with a wide range of regulatory requirements governing the safe use of materials, chemical management, waste reduction, and environmentally conscious design. This includes adherence to regulations and standards from different jurisdictions, ensuring responsible manufacturing and minimising environmental impact throughout the product lifecycle.





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Sustained value

Maximising spending to grow the market while maintaining our competitive position. Ensuring we operate fairly, honestly and legally.



Sustained value

Financial discipline and commitment to high standards of corporate governance and transparency are central to the creation, maintenance and enhancement of long-term sustainable value.

Cochlear has built a strong reputation over more than four decades for delivering consistent growth in sales revenue, profits, and dividends. This success is rooted in our unwavering focus on our core competency—developing world-leading implantable hearing solutions—and supported by a long-standing philosophy of investing to grow, disciplined capital management, and high standards of corporate governance.

We plan and invest with a long-term horizon. Our R&D programs often span more than 10 years, and our ambition to increase the adoption of cochlear and acoustic implants requires sustained investment and strategic planning over many years.

Looking ahead, we will continue to invest consistently to expand access to our products. We see significant opportunity to grow by strengthening the clinical pathway for adults and seniors, particularly by improving awareness and access for those who could benefit from a cochlear implant. Achieving this requires time, experimentation with new approaches, and the agility to adapt as we learn. We remain committed to challenging ourselves to prioritise and optimise growth investments and to measure progress effectively.

To guide our efforts, we've set high-level financial targets that balance ambition with sustainable growth:

- Sales revenue growth of ~10% per annum
- R&D investment of ~12% of sales revenue
- Underlying net profit margin of ~18%

While annual outcomes may vary due to market conditions, these guiderails provide a framework for strategic investment in market expansion.

We also recognise that responsible value creation is essential for long-term success. Strong corporate governance and transparency are critical to maintaining and enhancing sustainable value for all stakeholders.

In the following pages, we outline the key elements of our financial strategy and governance practices that support our commitment to long-term, responsible growth.

Strategic priorities



Our target

Sustainable and responsible business practices, targeting growth in sales revenue of around 10% per annum and an 18% net profit margin

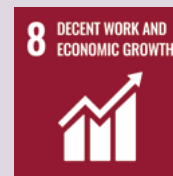
Consistent and sustainable growth

- Deliver sustainable financial returns
- Improve efficiency and agility
- Maintain high levels of corporate governance
- Ensure our supply chain is ethical and sustainable
- Vigilance around data security and privacy

How shareholders benefit

- Consistent financial performance
- Disciplined capital management
- Strong corporate governance
- Ethical and responsible supply chain

Relevant UN Sustainable Development Goals





Delivering sustainable financial returns

Our long-term approach to investing, combined with disciplined capital management, has delivered consistent growth in sales revenue, profits and dividends over many decades.

Investing to grow

We take a long-term approach to investing and have consistently invested in growing the market for implantable solutions since listing in 1995.

Consistent investment in sales and marketing

Our investment in sales and marketing is building awareness of and access to implantable solutions and driving market growth.

Over the past few years, we have accelerated our investment in growth activities including direct-to-consumer marketing, standard of care initiatives and market access.

Growing R&D capability

The investment in R&D continues to strengthen our leadership position through the development of market-leading technology.

We have a wide range of fully featured products and a broad patent portfolio that protects our intellectual property. Over \$3 billion has been invested in R&D since listing and we target an annual R&D investment of 12% of sales revenue.

Delivering stable net profit margins

We will continue to invest operating cash flows into market growth activities with the objective of delivering consistent revenue and earnings growth over the long term.

Through disciplined investment, we are targeting an 18% net profit margin over the long-term, reinvesting any efficiency gains, currency or tax benefits into market growth activities.

Operational improvement

Disciplined capital investment and optimising cost of production strengthens our competitive position.

Disciplined use of capital

Since listing, operating cash flows have been primarily used to fund dividends, capital expenditure and acquisitions.

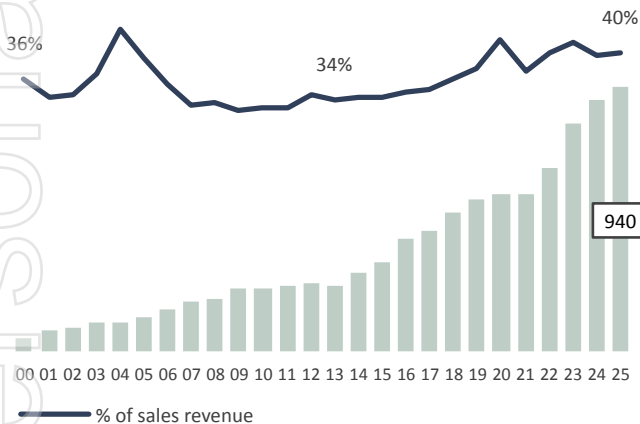
The dividend policy has been to target a payout 70% of underlying net profit as dividends to shareholders since FY00. Since listing, we have cumulatively paid out around 70% of operating cash flows as dividends.

Key acquisitions have been focused on building the core implant business and include:

- Demant’s cochlear implant business (FY24);
- Sycle – hearing aid practice management software business (FY17);
- Otologics – implantable microphone technology (FY10);
- Brisbane manufacturing facility (FY07); and
- Entific – bone conduction implant business (FY05).

The innovation fund has invested around \$170 million in companies with novel technologies that may, over the longer term, enhance or leverage our core technology. The innovation fund includes investments in Nyxoah, Precisis, Epiminder and Sensorion.

Operating expenses (excl R&D)
\$million





Strong financial position

Strong free cash flow generation provides funding for market growth activities and R&D as well as the ability to reward shareholders with a growing dividend stream.

High return on capital employed (ROCE)

ROCE measures the cash return for each dollar invested in the business. We generate a high ROCE reflecting our competitive position in the market and the high barriers to entry to the cochlear implant industry which have proven to be robust over many decades.

The high ROCE is also a function of the relatively low level of tangible assets employed by the business. Our competitive advantage is driven by our strong product and patent portfolio, a result of investment in R&D over many years, as well as customer knowledge and strong relationships. As R&D investment is expensed through the income statement, no value for this important asset is captured on the balance sheet.

Quality operating cash flows

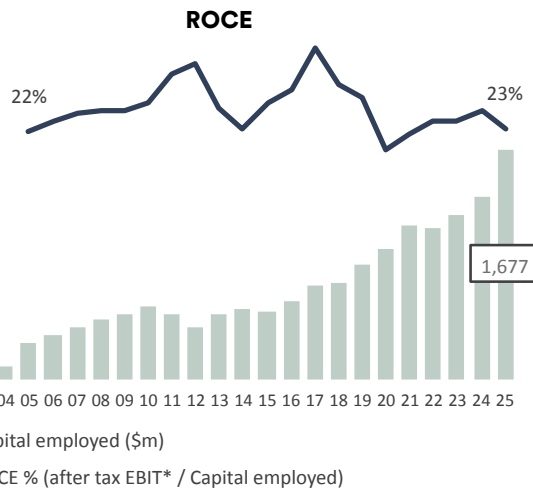
One of the highlights of our financial history has been the conversion of reported profits to cash. There has been a strong and consistent correlation between underlying net profit and the operating cash flows generated by the business.

Conservative balance sheet

We have a strong balance sheet, with over \$275 million in net cash. We are a growth company that had, until FY20, been able to fund investing activities, dividends, capital expenditure and acquisitions whilst maintaining conservative gearing levels.

A capital raising in FY20 was made to enhance liquidity in response to the significant impact of an adverse litigation judgement combined with the impact of COVID on sales revenue.

A progressive on-market share buyback commenced in February 2023 with the aim of reducing the cash balance to around \$200 million over a number of years.





Creating value responsibly

We recognise that high standards of corporate governance and transparency are important for the creation, maintenance and enhancement of long-term sustainable value.

The Board is committed to high standards of corporate governance practice and fostering a culture of compliance which values ethical, lawful and responsible behaviour, personal and corporate integrity, accountability, transparency and respect for others.

The Board and its committees regularly review the governance arrangements and practices to maintain compliance with regulatory requirements and industry practice and to ensure they continue to support business objectives.

Key aspects of our corporate governance framework and practices are set out in the Governance and Risk section of this report (pages 79 to 92), which includes the Corporate Governance Statement.

Our Global Code of Conduct describes our commitment to maintaining the high standard of conduct, business ethics and integrity required of all our people around the world in driving our business forward. We conduct mandatory training on the Global Code of Conduct for all staff and Board of Directors on an annual basis.

In the following section we discuss a few important areas where we have been increasing our governance metrics. These areas include procurement, cyber security and data privacy.

Responsible supply chain

We maintain a robust framework of policies, procedures and processes to manage risks relating to human rights, labour practices, corporate governance, safety and wellbeing and environmental sustainability in our supply chain.

Our Modern Slavery Statement, available on our [website](#), outlines this framework and details our global approach to addressing modern slavery risks.

The Supplier Code of Conduct, also available on our [website](#), defines the standards of behaviour we expect from all suppliers.

Our cross-functional Responsible Supply Chain Working Group meets quarterly to identify opportunities for improvement, respond to emerging trends, and monitor progress. Over the past year, the group focused on preparing for upcoming global regulations and refining our risk assessment processes.

In FY25, we continued to implement our supplier due diligence assessments to support sustainable and ethical procurement. No suppliers required mitigation action plans during this period.

We are taking action to include a more diverse range of suppliers, aiming to generate social value beyond the goods and services procured. In FY25, our spending with First Nations suppliers generated over \$4.3 million in social value (as calculated by Supply Nation, provider of verified Australian Indigenous businesses).

As a signatory to the voluntary Business Council of Australia Supplier Code, we aim to pay eligible Australian small businesses within 30 days of receiving correct invoices and/or products. For the 12 months ended 31 December 2024, we paid 87.8% of Australian small businesses invoices (by volume) within 30 days. We continue to enhance our systems and processes to ensure timely payments and stronger support for small businesses.



Cochlear's Supplier Code of Conduct, Modern Slavery Statement and Global Code of Conduct



Cyber security

At Cochlear, we handle and store personal information—including sensitive health data—for our customers and employees. As global privacy and cybersecurity regulations continue to evolve, we recognise that data security is a cornerstone of trust in our relationships with stakeholders.

Our information technology systems and applications are designed with robust security controls, aligned with industry standards. Notably, our Connected Care products are certified under ISO 27001, the international standard for information security, enhancing our ability to detect emerging threats and manage cyber risks effectively.

We take a defence-in-depth approach to cybersecurity, implementing multiple layers of protection across our systems. All employees are required to follow strict policies, standards, and procedures to safeguard data and IT infrastructure. Regular security awareness training ensures our teams remain informed and vigilant.

To further strengthen our resilience, we conduct crisis management and incident response drills, and our systems undergo regular assessments by independent third-party specialists. Our AI Governance Committee oversees the responsible use of artificial intelligence across our IT systems, ensuring ethical and secure deployment of these technologies.

The Chief Information Officer, a member of our Executive team, leads our information and cybersecurity programs.

Oversight of our broader risk management framework—including technology and R&D-related risks—is provided by the Audit and Risk Committee.

Through these measures, we aim to protect the integrity of our systems, uphold stakeholder trust, and ensure that our digital infrastructure supports long-term, sustainable value creation.

Data privacy

At Cochlear, protecting personal information—including sensitive health data—is a core responsibility and a reflection of our values. Our commitment to privacy is embedded in our Global Code of Conduct, where we pledge to handle stakeholder data ethically and in full compliance with applicable laws.

This commitment is operationalised through our Global Privacy Program, which integrates privacy into every aspect of our business. We adopt a privacy-by-design approach in developing products and services, ensuring that personal information entrusted to us is kept secure from the outset.

Oversight of privacy matters is led by our Chief Privacy Officer, who heads the Global Privacy Office and is supported by a network of privacy professionals across our global operations.

As a multinational company, we operate in diverse jurisdictions with varying privacy laws. With many countries strengthening or introducing new regulations, we remain proactive in adapting to this evolving landscape. As digital technologies—including artificial intelligence—advance, we ensure that privacy considerations are central to the adoption of any new tools involving personal data.

Our Global Privacy Program is built on internationally recognised principles, promoting transparency and compliance in how we collect, use, and protect personal information. We strive to give individuals meaningful control over their data, including clear communication through our Global Privacy Notice and responsive handling of requests and complaints.

To maintain a strong privacy culture, we conduct mandatory privacy training for all employees during onboarding, supplemented by targeted sessions and ongoing awareness activities. We also require third-party vendors who process personal data on our behalf to comply with relevant laws and Cochlear's privacy standards.

We take a proactive approach to identifying and addressing privacy risks. In the event of a data incident involving personal information, we conduct thorough investigations and take appropriate remedial action—including notifying affected individuals and regulators when required.

Importantly, over the past year, no data incidents involving personal information required reporting to regulatory authorities—reflecting the strength of our privacy safeguards and commitment to responsible data stewardship.

Tax transparency

We have a strong commitment to transparency and compliance from a regulatory and financial perspective and value the principles of being transparent with respect to tax strategy and compliance in Australia and globally.

We support robust tax systems built on the principles of integrity, transparency and sustainability and have published details of our taxes paid globally over ten years. Given our investment in Australian based R&D as well as our contribution to broad economic benefits for Australia, the majority of our corporate income tax is paid in Australia.

Our [Tax Contribution Report](#) details our tax strategy and tax governance, taxes paid globally and expenditure on R&D and is available on the website. The tax residency of Cochlear and its subsidiaries are included in the Consolidated Entity Disclosure Statement.



Public policy engagement

We engage with key stakeholders to enhance the public policy environment with a focus on patient access to appropriate care, public health, and our business operating environment. Through optimising public policy we can better serve patients, healthcare professionals and other customers, along with our representatives and communities.

We have partnered with the Australian Public Service Commission (APSC) and the Business Council of Australia (BCA) to initiate and host the inaugural Business Immersion Program.

Held in May 2025 at Cochlear's Headquarters, the program welcomed Executive Level officials from key government departments and agencies, including Treasury, the Department of the Prime Minister and Cabinet, and Finance. Building on the success of the inaugural event, the APSC and the BCA plan to continue the program in future years.

We paid a total of \$3.15 million in membership to industry associations, think-tanks and related organisations across 26 countries including Australia, China, Colombia, Denmark, France, Germany, Italy, Korea, Mexico, Panama, Switzerland, UAE, the UK, and the US.

Animal welfare

As a medical device manufacturer, we are required to demonstrate and document both safety and efficacy of our products in accordance with relevant regulations, guidelines and international standards.

Where an assessment of biological safety is required, we initially leverage chemical characterisation based on risk assessment of existing data. If regulators deem this insufficient then, we subcontract those animal studies, that are explicitly mandated by the regulations or guidelines to experienced and accredited contract research organisations.

Our Animal Ethics Policy outlines the core ethical principles in the respectful and humane use of animal subjects when required to be used in product development and research projects. The Cochlear Animal Ethics Committee oversees the implementation of the policy and ensures adherence to the highest standards of animal welfare and ethical conduct.

We strictly apply the internationally recognized 3R principles – Replacement, Reduction, Refinement – and only conduct animal testing when explicitly required by law, regulation or where in vitro biological and chemical tests, computer modelling, cadaveric temporal bone analyses and other non-invasive methods are insufficient.

Please refer to our Animal Ethics Policy for more details, which is available on the [website](#).



Representatives from the Australian Public Service Commission, the Business Council of Australia and Cochlear at the Australian Hearing Hub



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Financial performance



Josh,
Baha® System recipient



Business performance

\$m	FY25	FY24	Change % (reported)	Change % (CC ¹)	Sales Mix
Cochlear implants (units)	53,968	48,040	↑ 12%		
Sales revenue					
Cochlear implants	1,470.2	1,329.6	↑ 11%	↑ 9%	62%
Services (sound processor upgrades and other)	609.2	672.3	↓ 9%	↓ 10%	26%
Acoustics	276.4	256.3	↑ 8%	↑ 6%	12%
Total sales revenue	2,355.8	2,258.2	↑ 4%	↑ 3%	100%

Sales revenue increased 4% (3% in constant currency^{*}) to \$2,356 million.

Cochlear implants

Cochlear implant revenue rose 11% (9% in constant currency) to \$1,470.2 million, driven by a 12% increase in implant units to 53,968. A key highlight was the launch of the Cochlear™ Nucleus® Nexa™ System in Europe and Asia Pacific in mid-June, with FDA approval achieved in the US in early July 2025. Early-access markets including Germany and Australia saw strong initial demand, with broader availability expected to expand through the first half of FY26.

In FY25, **developed market** units grew 6%, slightly below expectations due to slower market growth. Global market share has been maintained above 60%, albeit with a modest loss of share in a few countries ahead of the new product launch. It also reflects a three-month delay to the launch of the new implant, the result of new mandatory testing requirements introduced during the regulatory approval process.

The adults and seniors segment, which accounts for around 75% of developed market implants, continued to grow strongly, up around 10%. Investments in referral pathway initiatives supported this growth. In the US, direct-to-consumer (DTC) marketing now drives around 30% of surgeries, with rising lead generation and conversion rates. Increasing professional referrals are helping shorten the journey from awareness to surgery, as candidates arrive better informed.

^{*} Constant currency (CC) removes the impact of exchange rate movements and foreign exchange (FX) contract gains/(losses) to facilitate comparability. See Notes on page 78 for further detail.

The children segment, which is around 25% of developed market implants, typically generates low single digit growth given the high penetration rates. In FY25, volumes declined modestly, following two years of above-average growth.

In **emerging markets**, unit growth exceeded 20%. The first half saw low volumes and a high premium-tier mix, especially in China and India. Volumes surged in the second half, largely driven by lower-tier and tender activity in regions including the Middle East, China, and Asia Pacific.

Services

Services revenue declined 9% (10% in constant currency) to \$609.2 million, with a tapering in sales following the strong initial uptake of the Cochlear™ Nucleus® 8 sound processor launched in FY23. Growth in the eligible base slowed due to lower growth five years ago and COVID delays to the last sound processor replacement cycle. In addition, recipients continue to experience high satisfaction with the Cochlear™ Nucleus® 7 Sound Processor, which remains widely used. In the US, cost-of-living pressures have also played a role, with many recipients facing out-of-pocket expenses for replacements, delaying adoption of newer technology.

To address this, we enhanced our marketing and support programs in the second half to raise awareness of eligibility and highlight the clinical benefits of the Nucleus 8 Sound Processor, which delivers superior hearing outcomes and functionality compared to the Nucleus 7 Sound Processor.

Acoustics

Acoustics revenue increased 8% (6% in constant currency) to \$276.4 million. Growth was driven by the strong uptake of the Cochlear™ Osia® Implant across existing markets and expansion into new countries including France, Italy and a number of emerging market countries, with Osia implant units growing 30%. Acoustic sound processor upgrade revenue declined in the second half, ahead of the next generation Cochlear™ Baha® 7 Sound Processor which was launched in June.



Profit and loss

\$m	FY25	FY24	Change % (reported)	Change % (CC)
Sales revenue	2,355.8	2,258.2	4%	3%
Cost of sales	615.2	562.1	9%	9%
% <i>Gross margin</i>	74%	75%		
Selling, marketing and general expenses	732.0	685.0	7%	6%
Research and development expenses	291.5	277.0	5%	4%
% <i>of sales revenue</i>	12%	12%		
Administration expenses (excluding cloud investment)	175.2	182.3	(4)%	(5)%
Administration expenses (cloud investment)	32.7	30.3	8%	8%
Operating expenses	1,231.4	1,174.6	5%	5%
Other income	(24.8)	(5.9)		
FX contract gains / (losses)	12.7	22.6		
EBIT (underlying)*	521.3	504.8	3%	(2)%
% <i>EBIT margin</i> *	22%	22%		
Net finance expense / (income)	(0.7)	(9.8)		
Income tax expense*	130.4	128.0		
% <i>Effective tax rate</i>	25%	25%		
Underlying net profit*	391.6	386.6	1%	(4)%
% <i>Underlying net profit margin</i> *	17%	17%		
% <i>Underlying net profit margin (pre cloud investment)</i> *	18%	18%		
One-off and non-recurring items (after-tax):				
Innovation fund losses	2.7	1.9		
Oticon Medical integration expenses	-	27.9		
Statutory net profit	388.9	356.8	9%	3%

Sales revenue increased 4% (3% in CC) to \$2,355.8 million and underlying net profit increased 1% (down 4% in CC) to \$391.6 million. Statutory net profit increased 9% to \$388.9 million.

Key points of note:

- The gross margin declined by one percentage point to 74%, driven by the mix shift in the second half to the lower margin emerging market cochlear implants combined with lower overhead recoveries from the new Chengdu facility;
- Selling, marketing and general expenses increased 7% (6% in CC) to \$732.0 million, reflecting continued investment in activities to support long-term sustainable growth, moderated by a reduction in the short-term incentive provision, the result of below target revenue and underlying net profit;
- Investment in R&D increased 5% (4% in CC) to \$291.5 million, with continued investment made in key R&D projects and development of the product and services pipeline; and
- The increase in other income primarily comprises collaboration income from innovation fund investments and revenue from various government grants.

* Excluding one-off and non-recurring items. See Notes on page 78 for further detail.



Cash flow

\$m	FY25	FY24	Change
EBIT (underlying)	521.3	504.8	16.5
Depreciation and amortisation	90.4	84.9	5.5
Increase in working capital and other	(218.8)	(79.2)	(139.6)
Net interest received	0.7	9.8	(9.1)
Income taxes paid	(156.0)	(131.5)	(24.5)
Operating cash flow	237.6	388.8	(151.2)
Capital expenditure	(102.6)	(89.8)	(12.8)
Other net investments	(12.6)	(15.9)	3.3
Free cash flow	122.4	283.1	(160.7)
Outlay from exercise of share options and performance rights	(24.3)	(2.8)	(21.5)
Payments for share buyback	(28.2)	(43.0)	14.8
Dividends paid	(278.2)	(245.7)	(32.5)
Payment of lease liability and other	(29.6)	(33.5)	3.9
Increase / (decrease) in net cash	(237.9)	(41.9)	(196.0)

Operating cash flow decreased \$151.2 million to \$237.6 million, with free cash flow decreasing \$160.7 million to \$122.4 million.

Key points of note:

- EBIT (underlying) increased \$16.5 million reflecting business performance;
- The \$218.8 million increase in working capital and other was driven by an increase in inventory and trade receivables. Inventory levels increased ahead of major new product launches and the building of higher safety stock levels for critical components. The increase in trade receivables reflects the relatively stronger fourth quarter sales in the emerging markets;
- Income taxes paid of \$156.0 million exceeds the income tax expense in the Profit and loss by \$25.6 million reflecting the timing of tax instalment payments;
- Capital expenditure (capex) of \$102.6 million includes investment in the capacity expansion of the Lane Cove and Kuala Lumpur facilities and stay-in-business capex; and
- Payments for share buyback reflects the \$28.2 million outlay for the repurchase of ordinary shares as part of the on-market share buyback.



Capital employed

\$m	Jun25	Jun24	Change
Trade receivables	514.7	425.3	89.4
Inventories	499.4	391.6	107.8
Less: Trade and other payables	(298.4)	(303.2)	4.8
Working capital	715.7	513.7	202.0
<i>Working capital / sales revenue</i>	<i>30%</i>	<i>23%</i>	
Property, plant and equipment	332.7	304.8	27.9
Intangible assets	500.8	451.0	49.8
Investments and other financial assets	189.4	181.3	8.1
Other net liabilities	(64.0)	(123.9)	59.9
Capital employed	1,674.6	1,326.9	347.7
Funding sources:			
Equity	1,950.3	1,840.5	109.8
Less: Net cash	(275.7)	(513.6)	237.9
Capital employed	1,674.6	1,326.9	347.7

Capital employed increased \$347.7 million to \$1,674.6 million since June 2024.

Key points of note:

- Working capital increased \$202.0 million, increasing from 23% to 30% of sales revenue, primarily driven by the building of inventory and trade receivables. Inventory levels increased ahead of major new product launches and the building of higher safety stock levels for critical components. The increase in trade receivables reflects the relatively stronger fourth quarter sales in the emerging markets;
- Property, plant and equipment increased \$27.9 million primarily reflecting investment in capacity expansion at the Lane Cove and Kuala Lumpur manufacturing facilities;
- Intangible assets increased \$49.8 million reflecting IT system costs, acquired technology, software development and the impact of foreign exchange;
- The increase in other net liabilities reflects approximate \$50 million reduction in the employee short-term incentive provision, the result of below target revenue and profitability; and
- Net cash decreased \$237.9 million to \$275.7 million, primarily reflecting the increase in working capital.

Dividends

	FY25	FY24	Change %
Interim ordinary dividend (per share)	\$2.15	\$2.00	8%
Final ordinary dividend (per share)	\$2.15	\$2.10	2%
Total ordinary dividends (per share)	\$4.30	\$4.10	5%
% Payout ratio (based on underlying net profit)	72%	69%	
% Franking (final dividend)	85%	80%	

A final dividend of \$2.15 per share has been determined, taking full year dividends to \$4.30, an increase of 5% and representing a payout of 72% of underlying net profit. The interim dividend was 80% franked and the final dividend is 85% franked. The ex-dividend date is 18 September 2025. The record date for calculating dividend entitlements is 19 September 2025 with the final dividend expected to be paid on 13 October 2025.



Notes

Forward-looking statements

Cochlear advises that this document contains forward-looking statements which may be subject to significant uncertainties outside of Cochlear's control. No representation is made as to the accuracy or reliability of forward-looking statements or the assumptions on which they are based. Actual future events may vary from these forward-looking statements and it is cautioned that undue reliance is not placed on any forward-looking statements.

Non-International Financial Reporting Standards (IFRS) financial measures

Cochlear uses non-IFRS financial measures to assist readers in better understanding Cochlear's financial performance. Cochlear uses three non-IFRS measures in this document: Sales revenue, Underlying net profit and Constant currency. The Directors believe the presentation of these non-IFRS financial measures are useful for the users of this document as it reflects the underlying financial performance of the business. Each of these measures is described below in further detail including reasons why Cochlear believes these measures are of benefit to the reader.

These non-IFRS financial measures have not been subject to review or audit. However, Cochlear's external auditor has separately undertaken a set of procedures to compare the non-IFRS financial measures disclosed to the books and records of the Group.

Sales revenue

Sales revenue is the primary revenue reporting measure used by Cochlear for the purpose of assessing revenue performance of the Consolidated Entity. It represents total revenue excluding foreign exchange contract gains/losses on hedged sales.

Underlying net profit

Underlying net profit allows for comparability of the underlying financial performance by removing one-off and non-recurring items. The determination of items that are considered one-off or non-recurring is made after consideration of their nature and materiality and is applied consistently from period to period. Underlying net profit is used as the basis on which the dividend payout policy is applied. The Financial Review section includes a reconciliation of Underlying net profit (non-IFRS) to Statutory net profit (IFRS) which details each item excluded from Underlying net profit.

Constant currency

Constant currency removes the impact of foreign exchange rate movements to facilitate comparability of operational performance for Cochlear. This is done by converting the prior comparable period net profit of entities in the Group that use currencies other than Australian dollars at the rates that were applicable to the current period (translation currency effect) and by adjusting for current year foreign currency gains and losses (foreign currency effect). The sum of the translation currency effect and foreign currency effect is the amount by which EBIT and net profit is adjusted to calculate the result at constant currency.

Reconciliation of constant currency net profit to reported net profit

\$m	FY25	FY24	Change %
Underlying net profit	391.6	386.6	1%
FX contract movement		9.9	
Spot exchange rate effect to sales revenue and expenses*		6.4	
Balance sheet revaluation*		3.2	
Underlying net profit (CC)	391.6	406.1	(4)%
One-off net gains / (losses)	(2.7)	(29.8)	
Statutory net profit (CC)	388.9	376.3	3%

* FY25 actual v FY24 at FY25 rates.



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Governance and risk

Kuhu,
Nucleus System recipient



Our approach to Corporate Governance

High standards of corporate governance and transparency are fundamental to the sustainable, long-term success of our business. Cochlear’s strong governance framework provides a solid structure for effective and responsible decision-making.

The Board is committed to maintaining high standards of effective corporate governance arrangements to help create, protect and enhance shareholder value, while taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community.

The Board considers that Cochlear’s corporate governance practices have been consistent with the recommendations contained in the fourth edition of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (ASX Principles) throughout the reporting period from 1 July 2024 to 30 June 2025 (Reporting Period).

This Corporate Governance Statement sets out the corporate governance framework currently in place at Cochlear, is current as at 15 August 2025 and has been approved by the Board.

For more information on Cochlear and our corporate governance, including Company policies as well as the Board Charter and Committee Terms of Reference, please go to the ‘Investors’ section of our website: www.cochlear.com.

Governance framework





Our Board is structured to add value

Cochlear is committed to maintaining a Board comprising directors with the appropriate mix of skills, experience, knowledge, expertise and diversity required to oversee the business.

The role of the Board

The role of the Board is to provide leadership, including setting Cochlear's strategic direction, and to oversee the management of the Company and the implementation of good governance practice.

The Board Charter sets out the Board's role and responsibilities, and describes those matters expressly reserved for the Board's determination. The Board's responsibilities include:

- providing input into Management's development of corporate strategy and performance objectives and approving the corporate strategy;
- succession planning for the Board, CEO & President and the Executive team;
- satisfying itself that Cochlear's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- reviewing, ratifying and monitoring the effectiveness of Cochlear's systems of governance, risk management and internal compliance and control;
- overseeing the integration of ESG into business strategy and operations;
- approving and monitoring the progress of major capital expenditure, capital management, operational budgets, acquisitions, divestments and dividend policy; and
- approving Cochlear's interim and annual reports and financial statements and overseeing the integrity of Cochlear's accounting and corporate reporting systems.

The Board reviews and updates its Charter periodically so that the role, responsibilities and accountabilities of the Board remain appropriate and reflect a high standard of corporate governance.

The CEO & President has responsibility for the day-to-day management of Cochlear and is supported in this function by the Cochlear Executive team. The CEO & President is accountable to the Board and the Board monitors the decisions and actions of the CEO & President and the Group's progress on achieving the short, medium and long-term objectives as set by the Board.

Board meetings

The Board meets for at least ten scheduled meetings each year. Other meetings are called as and when necessary. A summary of Board and committee meeting attendance for FY25 is set out on page 124.

In addition to the scheduled Board meetings each year, the Board has frequent interactions across the Company in different jurisdictions, through site visits and out of cycle sessions with our leaders on topical areas relevant to our global business. In FY25, a multi-day Board strategy session was held as well as a Board meeting held offshore. The offshore Board meeting was part of a broader week long Board trip to provide detailed local and regional reviews and engagement with offshore employees, customers and recipients.

Members of the Board

The Board is comprised of eight independent Non-executive Directors and the CEO & President, who is an Executive Director.

A description of each Board member's tenure, qualifications and experience is set out in their respective biography on pages 93 to 95.

Chair of the Board

The Chair is elected from the independent Non-executive Directors. The role of the Chair includes:

- leading the Board in the performance of its duties;
- facilitating and promoting constructive communication between Directors and between the Board and management; and
- setting the Board's agenda and ensuring adequate time is available for discussion of all agenda items.

Board experience and skills

The Board believes that its membership should comprise directors with an appropriate mix and diversity of skills, professional experience, knowledge and expertise that allows the directors individually, and the Board collectively, to effectively discharge their responsibilities and duties.

The Cochlear Board Skills Matrix, on page 82, sets out the mix of skills represented on the Board. The Nomination Committee considers that the Board currently has an appropriate mix of skills, experience, knowledge and expertise.



Board skills matrix

The Board skills matrix sets out the mix of skills that the Board currently has in its membership and is reviewed annually to ensure the prescribed skills address our strategy and operating environment. It is also used to guide the identification of potential director candidates as part of the ongoing Board renewal process and professional development initiatives for existing directors. The Board's collective knowledge is supplemented by briefings from management as well as internal and external subject matter experts, including on topics such as sustainability.

Skills		No. of Directors (9)
	Medical device industry Capability to oversee product commercialisation by applying a deep understanding of the medical device industry.	7 Expert, 2 Experienced, 0 Limited experience
	Healthcare industry Competency in the healthcare industry including international health systems and medical science. Ability to influence public policy development in healthcare.	7 Expert, 2 Experienced, 0 Limited experience
	Research and development Ability to develop product innovation to drive long-term business growth through strategic investment in research and development activities.	4 Expert, 3 Experienced, 2 Limited experience
	Technology and digital expertise Ability to leverage new technologies, innovation processes and digital services to drive growth, realise scale benefits and enhance the customer experience.	4 Expert, 3 Experienced, 2 Limited experience
	Strategy Ability to develop and implement successful strategies.	9 Expert, 0 Experienced, 0 Limited experience
	Global perspective Ability to manage and oversee an organisation's business and strategic objectives from an international perspective.	7 Expert, 2 Experienced, 0 Limited experience
	Financial acumen Ability to understand and analyse financial statements to assess financial performance and probe the adequacies of internal financial and risk controls. Understanding capital management and capital markets.	4 Expert, 3 Experienced, 2 Limited experience
	Public policy and regulatory affairs Ability to manage the implications of public and regulatory policy on product development and commercialisation. Ability to influence public policy development.	4 Expert, 3 Experienced, 2 Limited experience
	Risk management Ability to identify and manage key risks to an organisation to ensure the delivery of long-term value to shareholders.	4 Expert, 3 Experienced, 2 Limited experience
	Sustainability Understanding of potential risks and opportunities that may arise from a sustainability (including environment and climate) perspective within a large business enterprise.	2 Expert, 3 Experienced, 4 Limited experience
	Governance Commitment to the highest standards of governance. Ability to assess the effectiveness of process and procedures, and to manage legal, compliance and reputational risks.	7 Expert, 2 Experienced, 0 Limited experience
	People and culture Understanding of remuneration practices and frameworks. Ability to attract talent, oversee talent management and retention initiatives and develop succession plans. Ability to set and oversee corporate culture ('tone from the top').	7 Expert, 2 Experienced, 0 Limited experience

Expert Experienced Limited experience



Non-executive Director appointment and election

The Board adopts a structured and rigorous approach to Board succession planning. The Board regularly evaluates and reviews its succession planning process to support the progressive and orderly renewal of Board membership.

In selecting potential new directors, the Nomination Committee considers the Board Skills Matrix, as set out on page 82, as part of assessing the range of skills and experience required to enable the Board to fulfil its responsibilities into the future.

A Non-executive Director appointed to the Board must stand for election at the Company's next Annual General Meeting (AGM). Cochlear provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

New Non-executive Directors receive a letter of appointment that sets out the terms of their appointment as well as a deed of access and indemnity.

The Board has continued to implement and deliver on its orderly renewal process, with Caroline Clarke appointed as a Non-executive Director on 2 September 2024. In addition, Richard Freudenstein's appointment and Glen Boreham's retirement were announced on 28 July 2025. Richard Freudenstein's appointment will be effective on 25 August 2025 and he will stand for election at our 2025 AGM. Further information on Richard Freudenstein's election will be available to shareholders in the notice of AGM. Glen Boreham will retire from the Board at the end of our 2025 AGM on 23 October 2025.

Director independence

All directors are expected to bring an impartial judgement to bear on Board decisions and are subject to the Board's policy regarding management of conflicts of interest, as well as common law and Corporations Act requirements.

The Board formally assesses director independence annually. The Nomination Committee Terms of Reference outline how Cochlear determines the independence of Directors. The matters to be considered include the factors set out in the ASX Principles, as well as other facts, information and circumstances that the Board considers relevant.

The Board has determined that each Non-executive Director was independent throughout the Reporting Period.

The term in office of each director is disclosed on pages 93 to 95.

Induction and development

New Non-executive Directors participate in a comprehensive induction program. The program includes the provision of a briefing pack, online and face-to-face product training, one-on-one meetings with the CEO & President and the Executive team and visits to key functional areas.

Directors are expected to maintain the skills required to discharge their obligations to the Company and are encouraged to undertake continuing professional development training.

Directors periodically undertake site visits to Cochlear's operations overseas and in Australia to assist the directors in maintaining an appropriate level of knowledge of the operations of the Company. These visits include interactions with recipients, customers and employees and result in a deeper understanding of our key markets. The directors visited Cochlear's operations in EMEA, as well as Australia and China, during this reporting period.

In addition, directors may also approach the Chair with requests to pursue learning related to the fulfilment of Board and Board committee duties, such as attendance at conferences.

The Nomination Committee periodically reviews ways in which the skills, experience, and expertise levels of existing directors can be enhanced through learning and continuing professional development. Recognising the importance of providing continuing education, directors take part in a range of training and continuing education programs which are conducted by

internal and external experts. Topics in the program include digital disruption and technology, crisis response table-top exercises and refresher courses on our key governance policies, such as our Global Code of Conduct.

Background checks

Before any potential candidate is appointed as a member of the Executive team or director, or recommended to shareholders as a candidate for election as a director, appropriate background checks are performed including as to the person's criminal record, bankruptcy history, character, experience and education.

Access to information and independent advice

The Board may seek independent professional advice at the expense of Cochlear whenever the Board judges such advice to be necessary for its members to discharge their responsibilities as directors.

Individual directors may also seek independent professional advice at the expense of Cochlear where the Chair agrees (in advance) that separate advice is appropriate.

The Board receives from the Company Secretary copies of all material market announcements promptly after they have been made.

The role of the Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board and Board committees. All directors have access to the services and advice of the Company Secretary.

In accordance with the Company's constitution, the appointment and removal of the Company Secretary is a matter for the Board as a whole. Details of the Company Secretaries are set out in the Directors' Report on page 124.



Board committees

Cochlear has adopted a Board committee structure as part of our Governance Framework as set out in the diagram on page 80. Each Board committee has an independent director as its Chair and comprises at least three members, majority of whom are independent directors.

Audit and Risk Committee	Medical Science Committee	People and Culture Committee	Product and Services Innovation Committee	Nomination Committee
<p>Members</p>				
<ul style="list-style-type: none"> Karen Penrose (Chair) Glen Boreham, AM Sir Michael Daniell, KNZM Christine McLoughlin, AM Prof Bruce Robinson, AC 	<ul style="list-style-type: none"> Prof Bruce Robinson, AC (Chair) Sir Michael Daniell, KNZM Michael del Prado Dig Howitt 	<ul style="list-style-type: none"> Christine McLoughlin, AM (Chair) Glen Boreham, AM Caroline Clarke Karen Penrose Michael del Prado 	<ul style="list-style-type: none"> Sir Michael Daniell, KNZM (Chair) Glen Boreham, AM Caroline Clarke Christine McLoughlin, AM Karen Penrose Michael del Prado Prof Bruce Robinson, AC Dig Howitt 	<ul style="list-style-type: none"> Alison Deans (Chair) Glen Boreham, AM Caroline Clarke Sir Michael Daniell, KNZM Christine McLoughlin, AM Karen Penrose Michael del Prado Prof Bruce Robinson, AC
<p>Responsibilities include:</p>				
<ul style="list-style-type: none"> • Review financial statements, corporate reporting processes and external audit reports • Review and monitor key policies and procedures to ensure compliance with relevant laws, ASX Listing Rules and reporting requirements • Make recommendations to the Board on the appointment and/or removal of the external auditor and review their performance • Review the independence and performance of the internal audit function • Review the assessment, management and response to ESG risks and opportunities • Review risk management practices and effectiveness of Cochlear’s risk management framework at least annually • Monitor the establishment of an appropriate internal control framework 	<ul style="list-style-type: none"> • Oversee the implementation of Cochlear’s clinical strategy by management • Oversee management’s response to new or proposed medical device regulatory requirements or standards • Oversee management’s implementation of Cochlear’s quality management systems • Oversee the strategy for Cochlear initiated or sponsored clinical studies and literature research • Monitor risk management and the adequacy of internal controls with respect to medical risks associated with Cochlear’s activities • Make recommendations to the Audit and Risk Committee with respect to medical risks associated with Cochlear’s activities 	<ul style="list-style-type: none"> • Review and monitor the strategies that shape organisational culture, ensuring management fosters a healthy culture that promotes legal, ethical and responsible behaviour • Oversee the development, maintenance and monitoring of talent management policies, programs and procedures • Develop and recommend to the Board workplace health and safety metrics and initiatives to ensure a safe working environment at Cochlear • Monitor the implementation of Cochlear’s Equal Opportunity Policy and approve any measurable objectives under the ASX Principles • Review and make recommendations to the Board on the remuneration of the Chair, Non-executive Directors, the CEO & President and other Executive team members 	<ul style="list-style-type: none"> • Oversee the Company’s strategy and implementation for product and related services innovation and business development • Oversee resource allocation to support Cochlear’s agreed corporate strategy • Monitor risk management and the adequacy of internal controls to manage risks associated with the product and services research and development aspects of Cochlear’s business and liaise with the Audit and Risk Committee when appropriate 	<ul style="list-style-type: none"> • Review composition of the Board and mix of expertise, skills, knowledge and diversity • Recommend to the Board candidates the Committee considers appropriate for appointment, re-election or removal from the Board • Establish and maintain process for performance evaluation of individual directors and the Board as a whole • Establish and maintain the selection, appointment and succession planning process for the CEO & President • Ensure effectiveness of induction process for individual directors and recommend continuing professional development to the Chair of the Board • Assess the independence of directors and review any changes in interests, positions, associations or relationships



Equal opportunity

As a global business, we recognise and value the unique contributions, perspectives, backgrounds and experiences of all employees. Cochlear is committed to building a culture that celebrates and leverages these differences.

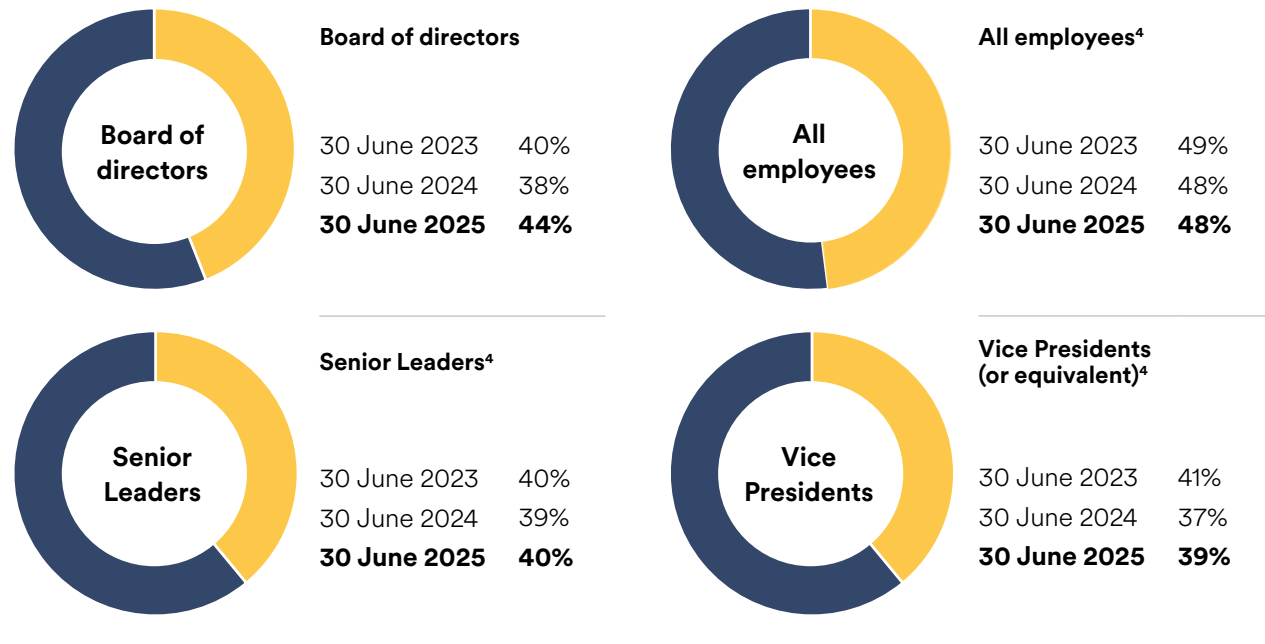
The following measurable objectives for 2025 were approved in late 2024 by the People and Culture Committee¹:

- Maintain minimum 30% female representation in Board composition, with an aspiration of 40%;
- Maintain minimum 40% female representation in Senior Leadership roles²;
- Achieve 40% female representation in Vice President (or equivalent) roles³ by FY25;
- Maintain gender balance in the broader workforce of 40/40/20; and
- Continue to improve female representation at Executive Team level (no explicit target set).

The progress towards achieving the measurable objectives is set out on this page, and does not include data related to our US-based employee population. We are committed to providing an inclusive workplace as well as being mindful of, and responding to, changes in the external regulatory environment in which we operate.

Cochlear’s workplace profile

The below summary of Cochlear’s workplace profile shows the percentage of females by employment category as of 30 June 2025.



1. US-based employees are not included in the 2025 data set. Any future measurable objectives set will take into consideration the external regulatory environment.

2. For the purposes of this Statement, Senior Leadership and Senior Leaders refer to all employees in Band 1, 2 and 3, the three most senior levels of roles within the Company, with Band 1 being the Executive Team. We have 10 Executive Team members based in Australia and UK, with 30% female.

3. These are the Senior Leaders two levels below CEO or direct reports to the Executive Team.

4. Excludes US-based employee data.



Performance evaluation and remuneration

Remuneration

The Board is responsible for Cochlear's remuneration strategy and policy. Cochlear has disclosed its policies and practices regarding the remuneration of directors and executives in the Remuneration Report on pages 102 to 122.

It is the Company's policy that participants in the Cochlear Executive Incentive Plan (CEIP) are not permitted to enter into transactions to limit the economic risk of participating in the CEIP. Our Trading Policy and the CEIP documents include provisions to reflect this position.

Board performance evaluation

The Board (with assistance, where necessary or appropriate, from external consultants) regularly carries out a review of the performance of the Board, its committees, and each director. Following a detailed and externally facilitated Board review in FY24, an internally facilitated Board review was undertaken during the Reporting Period. This involved the Chair holding individual discussions with each director as well as seeking additional feedback and input from Directors and Executives through questionnaires.

The review assesses, amongst other things:

- the effectiveness of the Board and its committees and whether the Board and each committee has members with the appropriate mix of skills and experience to properly perform their functions;
- the contribution made by each director at meetings and in carrying out their responsibilities as directors generally; and
- whether the content, format and timeliness of agendas, papers and presentations provided to the Board and each committee are adequate for them to properly perform their functions.

The Board establishes the procedures for and oversees the assessment program. The results and any key opportunities following the assessment are documented, together with actions to be undertaken in response to those areas for development that are agreed by the Board.

The Board also undertakes regular reviews of its structure and composition, to manage retirements and succession planning in an orderly way and to ensure the Board continues to have the appropriate overall skill set.

Executive performance evaluation

The CEO & President and each member of the Executive team has a written contract with the Company, setting out the terms of their appointment or employment (as applicable) including details of their role, responsibilities, remuneration and their disclosure/compliance obligations.

All employees, including members of the Executive team, participate in annual performance reviews, where achievement of key goals is assessed and future goals are agreed upon. The Chair facilitates the performance evaluation of the CEO & President with ultimate oversight by the Board.

A performance evaluation for the CEO & President and the Executive team took place during the Reporting Period and was carried out in accordance with the above process.



Lawful, ethical and responsible behaviour

Our Company values – as demonstrated through our Global Code of Conduct and our global HEAR behaviours – guide us on our expected behaviours. Our governance policies play a vital role in guiding decision-making and conduct across Cochlear.

Our values and HEAR Behaviours

Our values are the core principles and beliefs that guide our decision-making, behaviour and interactions within our organisation. At our core, we value:

- **Respect:** We value all individuals, regardless of background or beliefs.
- **Integrity:** We are honest, ethical and fact-based.
- **Accountability:** We own our responsibilities, actions and outcomes.

Our HEAR behaviours are integral to the way we behave, our Company’s culture and how we do business by providing a framework for working and interacting together.

Further information about our values, the four pillars of our HEAR behaviours and the micro behaviours of each pillar can be found on page 52.



Our Governance Policies

Global Code of Conduct

Cochlear is committed to acting lawfully, ethically and responsibly, wherever we operate around the world.

This commitment is reflected in our [Global Code of Conduct](#) (Code), which applies to all our employees, officers and directors, contracted staff, contractors, consultants and third parties that conduct business for or on behalf of Cochlear. The Code sets out our behavioural expectations in relation to anti-bribery and corruption, as well as other compliance obligations such as insider trading, competition and consumer laws, human rights, environmental sustainability, conflicts of interest and privacy.

The Code is available on the Company’s website in English and other languages relevant for our global business.

Any material breaches of the Code, including bribery or corruption, are reported to the Audit and Risk Committee.

Whistleblower Protection Policy

The [Whistleblower Protection Policy](#) empowers eligible persons to report any suspected or actual misconduct in relation to Cochlear. The Cochlear Whistleblower Service is available anywhere in the world, in multiple languages, 24 hours a day and 7 days a week. The Whistleblower Protection Policy is available on the Company’s website in English and other languages relevant for our global business.

All material incidents reported under the Whistleblower Protection Policy are reported to the Audit and Risk Committee.

Continuous Disclosure Policy

Cochlear has obligations under the Corporations Act and ASX Listing Rules to provide shareholders and the market generally with timely, direct and equal access to information which may have a material effect on the price or value of its securities.

Cochlear’s policy is to strictly comply with these requirements as set out in our [Continuous Disclosure Policy](#).

Trading Policy

Cochlear’s [Trading Policy](#) is an important tool in managing the risks associated with dealings in securities. The Policy helps to protect Cochlear’s reputation and assists our people in complying with the laws against insider trading.

Equal Opportunity Policy

The [Equal Opportunity Policy](#) sets out Cochlear’s commitment to cultivating an inclusive workplace culture and valuing the unique contributions, perspectives, experiences and backgrounds of all employees.

Supplier Code of Conduct

The [Supplier Code of Conduct](#) outlines the standards of behaviour we require our suppliers to maintain in relation to human rights, corporate governance, ethics, safety and environmental sustainability. Cochlear will work with our suppliers to encourage compliance with the standards outlined in the code.

Copies of our Governance Policies summarised on this page are available in the ‘Investors’ section of our website, www.cochlear.com



Shareholder engagement and corporate reporting

Shareholder engagement

Communications with shareholders

Shareholders and other stakeholders are informed of material matters affecting the Company through ASX announcements and the 'Investors' section of our website contains a range of useful information, including a dedicated section on 'Shareholder communications'.

Shareholders have the option to receive communications from, and send communications to, the Company and its share registry electronically.

Information most likely to be of interest to shareholders is available under the 'Investors' section of our website and includes the Company's published reports, presentations and webcasts, shareholder meeting details, company policies and material ASX announcements.

Investor relations program

We have an investor relations program designed to facilitate effective two-way communications with analysts, investors, proxy advisors and the media. This includes regular briefings at interim and full year results announcement, investor days held periodically, and separate one-on-one and/or small group meetings when requested and in compliance with our governance parameters.

The Company will not disclose any information in discussions with analysts and investors that may have a material effect on the price or value of the Company's securities unless such information has already been announced to the ASX. Any new and substantive investor or analyst presentations are released on the ASX Market Announcements Platform ahead of the presentation and following which, are also made available on our website.

Annual General Meeting

Cochlear is committed to facilitating shareholder participation in shareholder meetings, and to respectfully dealing with shareholder inquiries. Our 2024 AGM was held as a hybrid meeting offering shareholders a choice to either attend the AGM in person or online. All resolutions put to the AGM are voted on by poll.

The Company provides a forum to address individual shareholders' questions at each AGM. In addition to attending the AGM, shareholders may view a webcast of the AGM online. Shareholders who are unable to attend the AGM are able to submit questions and comments to Cochlear in advance of the meeting. Where appropriate, questions submitted will be answered at the AGM.

Corporate reporting

Integrity of disclosures in periodic reports

Cochlear has an internal verification and approval process to support the integrity of the information being disclosed to the market in periodic corporate reports which are not required to be audited or reviewed by our external auditor. The specific process for each periodic corporate report will vary depending on the particular release but may generally involve:

- the individuals with responsibility for the information:
 - validating key information back to the source;
 - confirming to the best of their knowledge and belief that the information is accurate and not misleading;
- the review of the report or document by relevant internal subject matter experts (and in some cases our external advisers); and
- the review by and confirmation from the individual responsible for the corporate report that it is appropriate for release.

Periodic corporate reports released to the market may also, depending on the report, be required to be approved by the Board or the Audit and Risk Committee.

Assurances by management

Before approving the financial statements for each full year and half year, the Board receives from the CEO & President and Chief Financial Officer a declaration that, in their opinion, Cochlear's financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of Cochlear's financial position and performance and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.



Risk management and assurance

Cochlear is committed to the identification, monitoring and management of material financial and non-financial risks associated with its business activities.

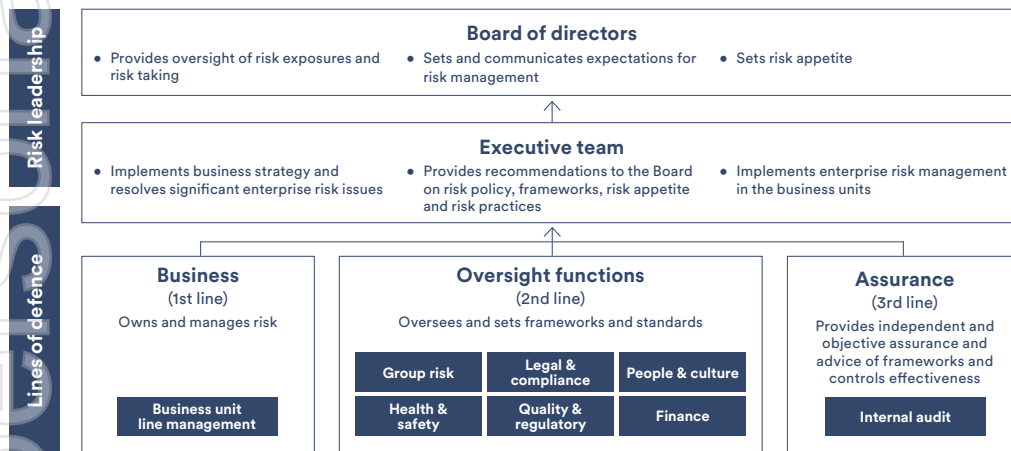
Risk management oversight

The Board sets Cochlear’s appetite for risk and provides oversight of the practices used by management to govern risk, and addresses specific issues escalated by the Audit and Risk Committee or management. Senior leadership across Cochlear are responsible for reinforcing and modelling the key behaviours required to maintain a sound risk culture, including encouraging constructive reporting, challenging and transparency.

Senior leadership also reports to the Board, through the Audit and Risk Committee, on the adequacy of the risk management systems and processes.

Our risk management framework has regard to relevant regulations, standards and guidelines including the ASX Principles and the Australian/New Zealand standard AS/NZS ISO 31000:2018 Risk management – Guidelines. The Audit and Risk Committee reviews the effectiveness of Cochlear’s risk management framework at least annually, and determined it to be sound. This review was last conducted during the Reporting Period.

The diagram below sets out a high-level description of how risk governance operates at Cochlear.



Environmental and social risks

Cochlear monitors its exposure to risks, including environmental and social risks. Principal business risks (and how those risks are managed or intended to be managed) are described on pages 90 to 92.

Principal business risks include interruption to product supply, market access and product quality risks. There are no additional material exposures to environmental and social risks in addition to those disclosed in this Report.

Cochlear’s approach to sustainability is outlined on pages 170 to 179.

Internal audit

Cochlear’s internal audit function is managed by and within the Group Risk and Assurance team and is accountable to the Board. Internal audit provides assurance services to management and the Board in relation to the internal controls, risk management framework and governance of Cochlear. It does so through:

- performing audits in accordance with an Internal Audit Plan, which is formulated using a risk-based approach;
- having direct access to the Board through the Audit and Risk Committee, with the right to communicate to it in the absence of management; and
- regular reporting to the Executive team and the Audit and Risk Committee on the results of its audits.

Cochlear’s internal audit function is jointly performed by the internal Cochlear team and co-sourced partner (PwC) which facilitates a balance of external specialist input and experience and internal knowledge.

The Audit and Risk Committee reviews and approves the Internal Audit Plan every six months. It also reviews the hiring and performance of the Vice President Group Risk and Assurance and the internal audit function and approves the appointment and removal of the co-sourced partner. This process was followed during the Reporting Period.



Business risks

Cochlear has a sound and robust risk management framework to identify, assess and appropriately manage risks.

Our principal business risks are outlined below. These are risks that may have a material adverse effect on the business strategy, financial position or future performance. It is not possible to identify every risk that could affect the business and the actions taken to mitigate these risks cannot provide absolute assurance that a risk will not materialise.

Risk	Description and potential consequences	Strategies used to mitigate the risk
Product and services innovation and competition	Increased competitive pressures expose Cochlear to risk of losing market share and reduced average selling prices. Delays in developing and delivering innovative products may exacerbate this risk. Advancements in medical, biological, and technological fields may lead to alternative treatments or disruptive products, potentially affecting growth and revenue.	Cochlear continues its ongoing investment in research and development to ensure a strong and competitive innovation pipeline to maintain our market leadership and deliver long term market growth. We utilise market trend analysis and customer insight data to supplement our understanding of shifts in clinical needs, consumer behaviour and emerging technologies.
Misappropriation of Cochlear’s know-how and intellectual property infringement	We remain exposed to the risk of misappropriation of confidential know-how and intellectual property via cyber intrusion or through actions by our employees, consultants or third parties who may access our systems. Our market share is at risk of competitors accessing and using this information. Legal action by third parties for alleged infringement of patent or other property rights may impede product development or prevent us from selling our products via injunctions. We may also be required to pay monetary damages or royalties to third parties to continue selling.	We maintain robust intellectual property due diligence processes and legal oversight to mitigate exposure and ensure compliance with applicable rights across all markets. We continue to invest in cybersecurity infrastructure, access controls, and employee awareness programs, alongside legal protections and monitoring mechanisms to safeguard our intellectual property.
Interruption to product supply	Our reliance on suppliers for key materials and services carries inherent risk of delay and disruption. Due to the nature of our products and the associated regulatory requirements, the sourcing of alternative materials and/or suppliers may be costly, time-consuming and in some instances commercially unviable. Geopolitical developments can disrupt our supply chain, through impacting raw material availability, price volatility and trade tariffs. While products are manufactured across six sites globally, supply may be disrupted by a site becoming inoperative. The establishment of additional manufacturing facilities require regulatory approval and site registration which can incur significant lead time.	We work collaboratively with suppliers to identify and mitigate potential risks of disruption or delay. In addition, our supply chain forecasting capabilities enable proactive inventory management, including the strategic purchase of volume-based inventory. Where appropriate, we implement targeted interventions such as lifetime buys, procurement of strategic raw materials, and identification of alternate sources to safeguard production continuity. We continue to closely monitor our key suppliers and manufacturing footprint to assess opportunities to diversify our suppliers and reduce key dependencies.
Medical device regulations	Across all jurisdictions in which we operate, our business activities are governed by a comprehensive range of regulations, standards and compliance requirements. Regulatory requirements in medical device manufacturing focuses on manufacturing processes and quality assurance systems including the selection and use of production materials. Non-compliance with regulatory requirements may result in civil or criminal penalties, substantial fines, possible restrictions on our license to operate and negative impacts on sales performance or operating margins.	We actively monitor the regulatory environment and operate under a clearly defined governance framework comprising of policies, compliance standards, and robust internal control mechanisms. Our quality management systems are integral to this framework, ensuring consistent implementation and monitoring of defined quality requirements across all relevant business functions and geographies.



Risk	Description and potential consequences	Strategies used to mitigate the risk
Product quality	The delivery of market leading, high-quality and safe products remains central to our mission and is critical to maintaining trust with our customers. As a developer, manufacturer, and distributor of medical devices, Cochlear is inherently exposed to product liability risks associated with the design, production, and marketing of our technologies, including adverse patient outcomes or injury, litigation, recall and reputational harm.	Effective collaboration with clinical partners is integral to aligning our technologies with evidence-based practices and ensuring optimal patient outcomes. We maintain rigorous quality assurance protocols throughout the design, manufacture and testing of our products. We also perform post-market surveillance and continuous improvement programs to uphold the highest quality standards. We also maintain comprehensive product liability insurance coverage. This forms part of our broader risk management framework, providing financial protection against potential claims and reinforcing our commitment to patient safety and regulatory compliance.
Market access	The majority of our developed market customers rely on a level of reimbursement from insurers and government health authorities. We recognise that macroeconomic pressure on government healthcare budgets may lead to pressure on reimbursement levels, upgrade pathways and eligibility, impairing access and impacting growth.	We continue to work closely with reimbursement and government agencies in the countries where we market our products – emphasizing the health and economic benefits of cochlear and acoustic implants. We seek to ensure our pricing reflects the value our products bring and that it remains competitive and responsible.
Credit and currency	We trade on credit terms, and / or provide credit on a selective basis to a limited number of governments, government-supported universities and healthcare institutions across our geographical regions. Whilst this approach supports strategic partnerships and accessibility, it creates a risk of delayed or non-payment. We are also exposed to foreign exchange risk. Over 95% of revenue and more than half of operating costs are denominated in currencies other than the Australian dollar (AUD), with primary exposures to the US dollar, Euro, Japanese yen, British pound sterling, Swedish krona, and Swiss franc. Sustained fluctuations in exchange rates affect earnings and financial performance.	Credit risk is not significantly concentrated and varies by location and customer type. Credit and receivables management (including identifying high risk customers and potential restrictions on future trading) is executed at a regional level, subject to country limits set by the Chief Financial Officer and overseen by the Audit and Risk Committee. Monthly credit balances and ageing are monitored by the Board. Financial instruments are also used to manage foreign exchange risk in accordance with the Board approved policy.
Privacy and information security	Cochlear manages and safeguards personal and health information pertaining to both customers and employees. The external risk landscape has grown increasingly complex with evolving global regulatory requirements relating to data protection, privacy, data sovereignty, and information security. This includes the emerging regulatory focus on the ethical and secure use of artificial intelligence and machine learning. Concurrently, the threat environment continues to escalate with cyber threats becoming more advanced, persistent and well-resourced. These conditions heighten the potential for data privacy and security breaches, necessitating a proactive and adaptive approach to risk management and compliance.	We have dedicated privacy and information security professionals that provide specialist ongoing support to manage this risk. Our information security and privacy frameworks are supported by principles, processes and regular training and awareness programs. Our information security controls are regularly assessed through both management and independent reviews, with mature processes in place to respond to data or privacy- related incidents should they occur. While cyber insurance is maintained as a component of our broader risk mitigation strategy, our primary focus remains on proactively establishing and maintaining robust controls to prevent and manage potential cyber threats.



Risk	Description and potential consequences	Strategies used to mitigate the risk
Legal, regulatory and governance	We are subject to broad and evolving legal and regulatory requirements across the jurisdictions in which we operate and conduct our commercial activities. These obligations extend well beyond product specific regulations and encompass a wide array of compliance domains including: privacy, data protection and data localisation, competition and consumer law, health and safety, employment and workplace relations and corporate governance.	The complexity and scope of these regulatory frameworks requires ongoing investment in compliance capabilities, risk management, and legal oversight to ensure adherence and mitigate exposure to regulatory enforcement or reputational risk. We have dedicated Legal, Risk and Compliance teams who support our business in the provision of advice on, and monitoring of, legal, regulatory and policy changes. Our compliance framework and assurance programs continue to evolve and strengthen to support the changing nature and complexity of our compliance obligations.
Talent management	Cochlear’s ability to sustain innovation and advance product development is heavily dependent on attracting, hiring, and retaining highly specialised talent, particularly in the areas of research, technology, and engineering. Difficulties in securing and retaining critical capabilities has the potential to delay strategic initiatives, reduce innovation output, and result in a loss of competitive advantage.	We continue to invest in targeted recruitment strategies across international markets, employee development programs, and retention initiatives aimed at positioning Cochlear as an employer of choice within the sector. We conduct regular employee surveys to capture feedback on key aspects of the workplace environment. These insights, combined with additional data and feedback, inform the continuous refinement of our people strategies. We leverage external labor market data and insights to ensure our approach remains responsive to broader workforce trends.
Healthcare Government Procurement Policy Risk	Cochlear is exposed to risks arising from government-led procurement policies in key healthcare markets as seen in the period through China’s Volume Based Procurement (VBP) program. These policies, which often aim to reduce public healthcare spending, can result in significant pricing pressure, restricted market access, and reduced margins.	To mitigate these risks, we actively monitor policy developments, engage with relevant stakeholders, and adapt our commercial strategies to remain competitive and compliant across diverse regulatory environments.
System and process transformation initiatives	We continue to invest in transformation initiatives aimed at enhancing the standardisation, resilience, and scalability of our core business processes. These programs aim to streamline operations, improve enterprise-wide integration, and strengthen our capacity to respond to growth potential. We recognise the importance of realising the anticipated benefits associated with these initiatives. However, the scale and complexity of such programs present inherent execution risks of elevated costs, temporary disruption to service continuity and expected benefits not being fully realised.	To mitigate these risks, we have mobilised dedicated cross-functional teams and appointed transformation leads to drive delivery and maintain momentum. These efforts are undertaken with the full support and oversight of the Board, ensuring strategic alignment and accountability throughout the transformation lifecycle.



Board of directors



Alison Deans
Chair

Appointed to the Board 1 January 2015 and as Chair 21 August 2021: Chair of the Nomination Committee.

Background: Extensive experience leading technology-enabled businesses across e-commerce, media and financial services. Former Chief Executive Officer of netus, Hoyts Cinemas, ecorp and eBay Australia and New Zealand.

Other boards: Director, Ramsay Health Care Limited, Deputy Group Pty Ltd and Fitness Passport Pty Ltd. Chair of Calix Limited. Director of The Observership Program.

Former directorships: SCEGGS Darlinghurst Limited, Westpac Banking Corporation, Insurance Australia Group Limited and Social Ventures Australia. Former Member of AICD Corporate Governance Committee.

Qualifications: BA, MBA, GAICD



Dig Howitt
CEO & President and Managing Director

Appointed to the Board 14 November 2017 and as CEO & President 3 January 2018: Member of the Medical Science and Product and Services Innovation Committees.

Background: Joined Cochlear in 2000 and has a wealth of experience across the Company in roles including Chief Operating Officer, President, Asia Pacific and SVP, Manufacturing and Logistics. Prior to joining Cochlear, worked for Boston Consulting Group and held a General Management role at Boral. Dig is a Fellow of Engineers Australia. He was appointed as President of Cochlear on 31 July 2017 and became CEO & President on 3 January 2018.

Qualifications: BE (Hons), MBA



Glen Boreham, AM
Non-executive Director

Appointed to the Board 1 January 2015: Member of the Audit & Risk, Nomination, People and Culture and Product and Services Innovation Committees.

Background: Led organisations in information technology, new media and the creative industries through periods of rapid change and innovation. Former Managing Director of IBM Australia and New Zealand.

Other boards: Strategic Advisor, IXUP.

Former directorships: Southern Cross Media Group, Data#3 and Link Group. Chairman of Screen Australia, Advance (Global Australian Network), Business School and Industry Advisory Board for the University of Technology, Sydney and Advisory Board IXUP.

Qualifications: BEc, FAICD



Sir Michael Daniell, KNZM

Non-executive Director

Appointed to the Board 1 January 2020: Chair of the Product and Services Innovation Committee. Member of the Audit and Risk, Nomination and Medical Science Committees.

Background: Over 40 years' experience in the medical device industry with extensive executive leadership experience. Former Managing Director and CEO of Fisher & Paykel Healthcare Corporation Limited responsible for the global business and operations including the design, manufacture and marketing of innovative products and systems for use in respiratory care, acute care and the treatment of obstructive sleep apnea.

Other boards: Director, Fisher & Paykel Healthcare Corporation Ltd. Director, Tait International Limited. Director, Medical Research Commercialisation Fund.

Former directorships: Advisory Board Chair, Te Titoki Mataora (NZ).

Qualifications: BE (Hons) Electrical, CMIInstD (NZ)



Michael del Prado

Non-executive Director

Appointed to the Board 1 January 2022: Member of the Medical Science, Nomination, People and Culture and Product and Services Innovation Committees.

Background: Over 38 years' global experience in the medical device and pharmaceutical industries with senior executive leadership roles in Johnson & Johnson medical device businesses in the US, Asia-Pac and EMEA. Former Company Group Chairman of Ethicon, the world's largest and most comprehensive surgical company.

Other boards: Director, Ambu A/S and a Member of the Board of Trustees of Franciscan University, Steubenville, Ohio

Former directorships: Co-lead Director, Verb Surgical. Advisory Board, Singapore Management University Lee Kong Chian School of Business.

Qualifications: BSc Industrial Engineering, MBA, MA



Karen Penrose

Non-executive Director

Appointed to the Board 1 July 2022: Chair of the Audit and Risk Committee. Member of the People and Culture, Nomination and Product and Services Innovation Committees.

Background: Extensive executive career in senior leadership and Chief Financial Officer roles in financial services. An experienced company director, having served on the boards of a number of ASX100 companies and experienced across health care, financial services, property and infrastructure industries.

Other boards: Director, Ramsay Health Care Limited, Bank of Queensland Limited and Charter Hall Group. Director, Ramsay General De Sante (associated with directorship of Ramsay Health Care Limited), Marshall Investments Pty Limited, NSW Waratahs Ltd and Waratahs Rugby Pty Ltd.

Former directorships: Vicinity Centres, Estia Health Ltd and Reece Limited.

Qualifications: BCom, CPA, FAICD

**Christine McLoughlin, AM**

Non-executive Director

Appointed to the Board 1 November 2020: Chair of the People and Culture Committee. Member of the Audit and Risk, Nomination and Product and Services Innovation Committees.

Background: Extensive experience as a director on the boards of ASX Top 50 Companies in financial services (including banking, life insurance, superannuation, asset management and general insurance), resources, health insurance and infrastructure sectors over the past 15 years. She has been active in the not-for-profit sector over her entire career.

Other boards: Chairman of Suncorp Group Limited and Aware Super. Co-founder and Chairman of the Minerva Network.

Former directorships: Chairman and Director of Venues NSW and Chairman of Destination NSW. Director, nib Holding Limited and Whitehaven Coal Limited. The Chancellor of the University of Wollongong.

Qualifications: BA, LLB (Hons), Hon DUOW, FAICD

**Prof Bruce Robinson, AC**

Non-executive Director

Appointed to the Board 13 December 2016: Chair of Medical Science Committee. Member of the Audit and Risk, Nomination and Product and Services Innovation Committees.

Background: Over 20 years' leadership experience as an academic physician/scientist across research, healthcare and medicine, and tertiary education. Co-Head of the Cancer Genetics Laboratory at the Kolling Institute for Medical Research and Chair of Research, North Sydney Local Health District. Former Dean, The University of Sydney's Sydney Medical School and Head of Medicine at Sydney's Royal North Shore Hospital.

Other boards: Director, MaynePharma, Ecofibre, EOF BIO LLC (associated with the Ecofibre directorship) and CS Pharmaceuticals Limited. Deputy Chairman (former Chairman), Hoc Mai Foundation. Senior Advisor to McKinsey & Company and Advisor to MinterEllison.

Former directorships: Chairman, National Health and Medical Research Council. Chairman, Medical Benefits Schedule Review Taskforce. Director, Lorica Health Pty Limited, Firefly and Digital Health Agency CRC, Woolcock Institute of Medical Research and QBiotics.

Qualifications: MD, MSc, FRACP, FAAHMS, FAICD

**Caroline Clarke**

Non-executive Director

Appointed to the Board 2 September 2024: Member of the People and Culture, Nomination and Product and Services Innovation Committees.

Background: Extensive commercial experience, including 20 years of executive leadership roles at medical devices, medical equipment and healthcare services businesses in large global companies. Former CEO and Executive Vice President ASEAN Pacific for Philips, where she was responsible for the overall strategy, business and management of the Health Systems and Consumer Personal Health businesses in 14 countries across the region.

Other boards: Nil.

Former directorships: Director, Royal Schiphol Group.

Qualifications: BA, GAICD



Executive team



Dig Howitt
CEO & President

Dig was appointed Chief Executive Officer and President of Cochlear in January 2018. He joined Cochlear in 2000 and has held several positions in both Manufacturing and Logistics and the Asia Pacific Region.

Prior to joining Cochlear, Dig worked as a consultant for the Boston Consulting Group and held general management positions in Boral and Sunstate Cement.

Dig is a Fellow of Engineers Australia.

Qualifications: BE (Hons), MBA



Dr Sarah Thom
Chief Financial Officer

Sarah was appointed as Chief Financial Officer in January 2025.

Prior to Cochlear, Sarah was a Managing Director and Partner at Boston Consulting Group (BCG) and co-lead of BCG's health care business in Australia and New Zealand. Sarah brings over a decade of deep experience in strategy, performance enhancement and investment evaluation in health care, medtech and other highly regulated sectors.

Sarah also spent several years as a research scientist supported by a US National Science Foundation fellowship at the University of California.

Qualifications: PhD (Astrophysics), MSc (Astrophysics), BSc (Physics, with Highest Honors)



Jan Janssen
Chief Technology Officer

Jan joined Cochlear in 2000 and was appointed Senior Vice President Research & Development in 2005.

Jan leads a team of over 600 highly qualified engineers and scientists who implement the R&D strategy with responsibility for identifying and developing cutting-edge technology and bringing these innovations through to commercialisation.

In 2017 Jan was appointed Chief Technology Officer and took on the additional accountability for Business Development. Since 2019 he has also been accountable for Quality and Regulatory Affairs.

Jan holds 12 granted patents in the field of implantable hearing technology.

Qualifications: MScEE



Lisa Aubert

President, North America

Lisa is responsible for the development and execution of the strategic direction for our North America operations.

Lisa was appointed as President, Americas Region in April 2022. Lisa joined Cochlear in 1994 and has deep experience across the Company in roles in Europe and the United States, including General Manager of UK/Ireland/South Africa, Regional Director of Europe North and most recently Vice President of Sales for Cochlear North America and Chair of Cochlear's Global Sales Council.

Lisa has been working in the cochlear implant specialty for over 25 years and was once a customer of Cochlear's. She was the primary research audiologist on one of the first cochlear implant programs in the UK and was part of the team that lobbied the government for funding.

Qualifications: BA Communication Disorders, MA in Audiology, MBA



Stu Sayers

President, Asia Pacific & Latin America

Stu was appointed as President, Asia Pacific & Latin America in January 2025 and is responsible for the development and execution of the strategic direction for all our operations in Australia, Asia, the South Pacific and Latin America. Stu joined Cochlear in July 2016 and previously held positions of President, Services and Chief Financial Officer.

Stu has a wealth of experience in establishing and building customer focused technology and online businesses. Stu ran Amazon's subsidiary Audible in Asia Pacific, as well as E*TRADE and Yahoo!7 in Australia and New Zealand. He previously held senior roles with ANZ and McKinsey.

Qualifications: BEc (Hons), MBA



Anthony Bishop

President, Europe, Middle East and Africa (EMEA)

Anthony was appointed President, EMEA in January 2025 and is responsible for the development and execution of the strategic direction for all our operations in Europe and Middle East and Africa (EMEA). Anthony joined Cochlear in July 2016 and was previously President, Asia Pacific & Latin America.

With nearly 30 years of experience in the MedTech industry, including over 20 years at Johnson & Johnson Medical, Anthony has held various roles in general management and sales & marketing across country, regional, and global contexts. Anthony's professional journey has taken him to Australia, NZ, Singapore, the UK, China, and the USA.

Qualifications: BBus (Hons), MManagement, GAICD



Dean Phizacklea

Senior Vice President, Global Strategic Marketing

Dean joined Cochlear in June 2016 and is responsible for product and services planning, marketing and commercialisation, customer acquisition, consumer marketing, innovation, market access, insights, brand, and corporate communications.

Dean has more than 20 years' experience in medical devices and pharmaceuticals, covering a range of senior commercial roles in the US, Japan, Europe and Australia. Prior to joining Cochlear, Dean led Global Strategic Marketing for Abbott Diabetes Care. Other roles include General Manager for Abbott's pharmaceutical and diabetes care businesses in Australia/New Zealand and commercial roles in Asia with AstraZeneca.

Qualifications: BSc Microbiology, MBA



Karen O'Driscoll

Chief Information Officer

Karen has global responsibility for Cochlear's information technology strategy and management. She leads a team of more than 350 information technology professionals and is responsible for strengthening business processes and systems to improve efficiency and agility, enabling the business to be more scalable and provide even better solutions for customers.

Karen joined Cochlear in February 2023. Prior to Cochlear, Karen was Group Executive for Digital Services for Ventia Ltd and brings over 20 years of experience across pharmaceuticals and infrastructure industries.

Qualifications: BSc (Hons), GAICD



Greg Bodkin

Senior Vice President, Global Supply Chain

Greg has functional responsibility for new product industrialisation, sourcing & procurement, global manufacturing and logistics. These functions enable the technologies developed in design and development to be supplied as commercial products in Cochlear's global markets. In addition, he leads the management of Cochlear's Global Property, facilities and corporate procurement functions.

Greg joined Cochlear in 2007 as Head of Supply with 20 years' prior experience in supply chain management and operations consulting positions, including appointments at Taylor Ceramic Engineering, Warman International Ltd, Weir Minerals PLC and National Australia Bank.

Qualifications: BE (Hons), MComm



Jennifer Hornery

Senior Vice President, Global People & Culture

Jennifer joined Cochlear in 2008 working in senior HR business partnering roles until her appointment as SVP, Global People & Culture in 2017. Her focus is to ensure the right strategic capabilities, organisation and culture are in place to support Cochlear’s performance and growth aspirations.

Prior to Cochlear, Jennifer worked in commercial, finance, strategy and HR leadership roles across a number of industries in Australia and the US, including senior positions at Campbell Arnott’s and Booz & Company.

Qualifications: BComm, MBA, GAICD



Brian Kaplan

Senior Vice President, Global Clinical Strategy and Innovation

Brian joined Cochlear in 2016 and manages clinical strategy and innovation for Cochlear. He is responsible for the clinical data to support present and future products and services. Brian dedicates two-thirds of his time to his role at Cochlear, while continuing to direct a cochlear implant surgical practice at the Greater Baltimore Medical Center.

Brian’s past research interests have included hearing loss, balance disorders, and hair cell regeneration. His current practice focuses on adult and paediatric otology, with an emphasis on hearing restoration. Brian is board-certified in Otolaryngology and is a Fellow of the American College of Surgeons.

Qualifications: BNeuroSci, BA, MD, FACS



Rob McGrody

Group General Counsel & Company Secretary

Rob was appointed as Group General Counsel in September 2023 and as Company Secretary in April 2024. Rob is responsible for Cochlear’s corporate legal and governance functions.

Rob has more than 25 years of experience as an in-house lawyer working across diverse industries from electricity generation, energy trading, and financial services. Most recently Rob was a General Counsel at Westpac Group.

Qualifications: BBus (Accountancy), LLB, LLM, Grad Dip in Legal Practice.



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Remuneration report

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The information provided in this Remuneration report (except for section 2 and section 8.3) has been audited as required by section 308(3C) of the Corporations Act 2001 (Cth).



Letter from the Chair of the People and Culture Committee

Dear Shareholders

On behalf of the Cochlear Board, I am pleased to present the FY25 Remuneration report.

FY25 performance and reward outcomes

This year there have been some significant achievements, most notably the launch of the Cochlear™ Nucleus® Nexa™ System, the world's first and only smart cochlear implant system. This is a testament to Cochlear's commitment to invest in R&D and our mission to help people hear and be heard.

Despite these achievements Cochlear experienced slower than expected sales growth, predominately in our Services business. We delivered sales revenue of \$2,355.8 million, increasing 4% (3% in constant currency), and underlying net profit increased 1% to \$391.6 million, in line with revised earnings guidance provided in June to deliver underlying net profit of \$390-\$400million.

Cochlear's Short-Term Incentive plan (STI) contains a Group Performance Gateway, which for FY25 was set at \$410 million of underlying net profit, representing the lower end of initial market guidance provided in August 2024. Cochlear delivered an underlying net profit of \$391.6 million meaning the Gateway was not met. The Board considered whether discretion should be applied considering the final net profit result (\$391.6 million) and the broader achievements this year which can be viewed on page 110. Ultimately the Board determined it was not appropriate to apply discretion to the STI plan and consequently no STI awards were made to Key Management Personnel (KMP). However, the Board supported the creation of a limited bonus pool, in recognition of strong financial performance in certain markets, and against certain Key Objectives, to be awarded to employees other than KMP, Executives or other Senior Leaders. The total value of the bonus awarded represents 21% of the original on-target STI pool.

For the FY22-25 long-term incentive (LTI), relative total shareholder return (TSR) against the ASX 100 was below median (at the 47.7th percentile) and growth in basic earnings

per share (EPS) represented a 13.9% compound annual growth rate over the last four years. This resulted in 50% vesting under the plan. Average increases in FY25 to Fixed Remuneration across KMP executives were 5.7%, providing greater alignment to market, and in line with the broader workforce there was also a 3.7% increase to non-executive base board fees.

Overall, the Board accepts the underlying net profit outcome for FY25 was below the Group Performance Gateway set at the beginning of the year, and the STI outcomes for Executives reflect that result, in line with the remuneration framework. However, the Board recognises the efforts of Executives, the positive financial results that were achieved, and the performance against our strategic priorities which will support the long-term success of Cochlear.

Looking ahead to FY26

We continuously review our executive remuneration framework to ensure it is fit for purpose. The Board is acutely aware of the importance of continuing to attract and retain executive talent in a highly competitive global market. We see remuneration as a strategic driver to engage the best talent, with the right skills, to execute Cochlear's mission and deliver its strategic and business priorities. Critical to this is a remuneration framework which reflects the performance of our Executives and incentivises them to achieve Cochlear's short and long-term goals in line with shareholder's expectations. On that basis the Board is reviewing the STI plan to ensure that it is motivating for executives and aligned with shareholder value in the future.

In closing, I would like to thank our shareholders for their ongoing support, and as always, we welcome shareholder feedback on this report.

Christine McLoughlin, AM
Chair, People and Culture Committee



1. Key management personnel

This report covers key management personnel (KMP) who have authority for planning, directing and controlling the activities of Cochlear, and comprises Non-executive Directors (NEDs) and executive KMP as outlined in the table below.

Name	Position	Term as KMP
Non-executive Directors		
Alison Deans	Chair	Full year
Glen Boreham, AM	Non-executive Director	Full year
Sir Michael Daniell, KNZM	Non-executive Director	Full year
Michael del Prado	Non-executive Director	Full year
Christine McLoughlin, AM	Non-executive Director	Full year
Bruce Robinson, AC	Non-executive Director	Full year
Karen Penrose	Non-executive Director	Full year
Caroline Clarke ¹	Non-executive Director	Part year from 2 September 2024
Executive KMP		
Dig Howitt	CEO & President (CEO&P)	Full year
Jan Janssen	Chief Technology Officer (CTO)	Full year
Sarah Thom ²	Chief Financial Officer (CFO)	Part year from 1 January 2025
Former Executive KMP		
Stu Sayers ³	Former Chief Financial Officer (CFO)	Part year to 31 December 2024

¹ Caroline Clarke was appointed as a Non-executive Director on 2 September 2024.

² Sarah Thom was appointed to the role of Senior Vice President Group Finance on 1 November 2024. She was subsequently appointed to the role of Chief Financial Officer and became a member of the executive KMP with effect from 1 January 2025.

³ The former Chief Financial Officer, Stu Sayers, moved to a non-KMP executive role (President, Asia Pacific & Latin America), with effect from 1 January 2025.

There are no other changes to KMP after the reporting date and before the date the Directors' report was authorised for issue.



2. Our remuneration strategy and framework

Cochlear’s executive remuneration strategy is designed to attract, motivate, and retain a highly qualified and experienced group of executives employed across diverse geographies. The following diagram links each of the executive team remuneration components to Cochlear’s mission and strategy.

Our mission

We help people hear and be heard.

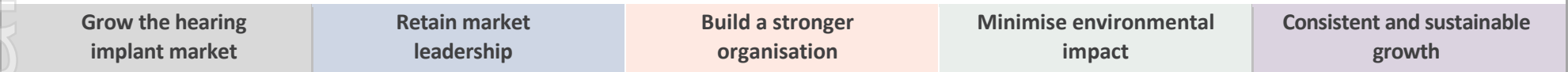
We empower people to connect with others and live a full life. We help transform the way people understand and treat hearing loss. We innovate and bring to market a range of implantable hearing solutions that deliver a lifetime of hearing outcomes.

Our strategy

Our goal is to deliver value by helping more people to hear, which contributes to building a healthier and more productive society. Our strategy is focused on improving awareness of and access to implantable hearing solutions for people indicated for our products, creating value across five pillars.



Our **strategic priorities** determine how we focus our time and resources to create value.



The **performance measures** across our incentive plans reflect achievement of both financial and strategic objectives.

Financial measures Underlying net profit Sales revenue Compound annual growth rate in underlying earnings per share	Strategic measures Achievement of strategic priorities and growth initiatives	Market measures Relative total shareholder return (TSR)
---	---	---

With actual outcomes directly driving executive remuneration.



2.1 FY25 remuneration framework

Our executive remuneration framework supports the Corporate strategy and is guided by our remuneration principles.

The total remuneration for executives is made up of both fixed and variable remuneration. Variable remuneration is provided through short-term incentive (STI) and long-term incentive (LTI) plans.

Fixed remuneration



Fixed remuneration comprises base salary, superannuation, annual leave loading and non-monetary benefits (insurances).

It is set at a level to attract and retain executive talent with the appropriate capabilities to deliver Cochlear’s objectives.

Fixed remuneration is generally positioned at the median of the relevant market and is reviewed annually to ensure alignment with local market benchmarks.

Market benchmarks are typically set with reference to market capitalisation and include organisations within Cochlear’s industry sector and/or similar in global operations and complexity as determined by the People and Culture Committee (P&CC).

Short-term incentive (STI)



Short-term incentive opportunity that awards against business and individual performance objectives, underpinned by a Group Performance Gateway.

Business performance is measured through a balanced scorecard, with 60% weighted on sales revenue performance and 40% on the performance against strategic measures.

Individual performance includes assessment against financial outcomes, strategic priorities, and ways of working goals.

60% of the STI is delivered in cash and the remaining 40% is deferred as service rights for two years.

Further details on the STI are provided on page 106 (Table 2.3).

Long-term incentive (LTI)



Long-term incentive opportunity focused on growth strategy, long-term priorities, and alignment with shareholder value creation over a four-year performance period.

Options and performance rights are granted at the start of the performance period with value realised at the time of vesting.

The LTI aligns executives to overall company performance through two measures focused on strategic business drivers and long-term shareholder return:

- Relative TSR performance – 50% weighting
- Growth in Underlying Basic EPS – 50% weighting

Further details on the LTI are provided on page 108 (Table 2.4).

2.2 FY25 remuneration mix

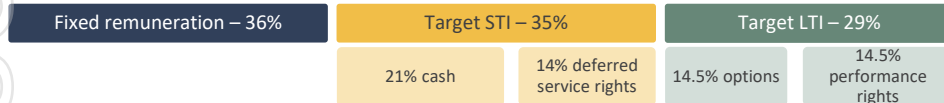
The remuneration mix for executive KMP is strongly weighted towards at-risk performance-based remuneration to drive strong focus on short, medium and long-term performance. A portion of executive remuneration is delivered in equity (deferred STI and LTI), to align our executives with shareholder interests.

The following diagrams set out the target and maximum remuneration mix for executive KMP in FY25.

CEO&P

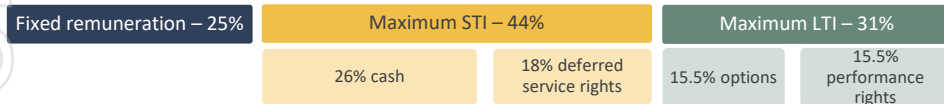
Total Target Mix

Performance-based



Total Maximum Mix

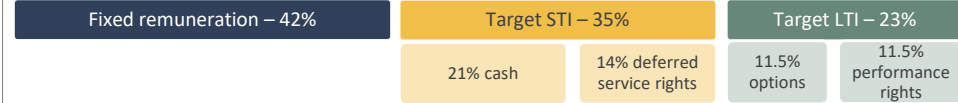
Performance-based



Other executive KMP

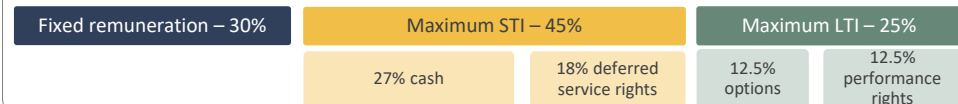
Total Target Mix

Performance-based



Total Maximum Mix

Performance-based





2.3 Short-term incentive (STI)

Purpose STI recognises and rewards executives for the achievement of Cochlear group and regional (for regional executives) performance targets set by the Board at the beginning of the performance period. STI is considered to be at-risk remuneration and is not a guaranteed part of executive remuneration.

Opportunity A target opportunity is set for each executive, which is earned if group and individual performance is on target. The achievement of maximum opportunity is based on exceeding the performance measures and at the discretion of the Board.

CEO&P: target opportunity is 100% of base salary, and maximum is up to 180% of base salary.

Other executive KMP: target opportunity is 90% of base salary, and maximum is up to 162% of base salary.

Gateway and Group Performance Measures

Performance measure and weighting	Description
-----------------------------------	-------------

Performance Gateway	<ul style="list-style-type: none"> Group Performance Gateway (minimum underlying net profit threshold) to drive global alignment.
---------------------	--

Sales revenue (60%)	<ul style="list-style-type: none"> Sales revenue growth is critical to short and longer-term shareholder returns. Financial targets are set by the Board, having regard to prior year performance, global market conditions, competitive environment, future prospects and Board approved budgets. Specific targets are only disclosed to the market retrospectively due to their commercial sensitivity.
---------------------	---

Strategic measures (40%)	<p>Every year we invest in activities that lay the foundations for long-term success and we want management to focus appropriately on these long-term goals. As such, our reward structure is designed to have a meaningful weighting to strategic measures given the importance of consistent investment over long timeframes. Our strategic measures (as set out on page 104) recognise that to build:</p>
--------------------------	--

- **A healthier and more productive society** requires long-term investment to establish a consistent process for diagnosing and referring adult cochlear implant candidates. This long-term goal is dependent on our ability to work with professionals, researchers and other industry participants to build the evidence to support bringing about a change in referring behaviour;
- **A lifetime of hearing solutions** takes more than ten years of investment in R&D to commercialise new implants;
- **Thriving people** means enabling the culture, capabilities, systems and leadership for organisational scale;
- **Environmental responsibility** involves targeting environmental outcomes that extend out to 2050; and
- **Sustained value** maximising spending to grow the market while maintaining our competitive position.

We have developed a set of milestones and metrics to assess progress each year against our strategic measures. Some of these targets are easier to quantify, for example, employee engagement and carbon emission levels, while others require qualitative assessment on progress against specific milestones. The performance outcome balances both quantitative and qualitative measures. We continue to refine our process each year, providing more disclosure on this process. We note, however, that many components of our strategic measures relate to building future competitive advantage, so it is not appropriate to be specific about these activities, for example: product development. Once milestones are achieved, they are disclosed as part of the company's performance reporting.

Validation of performance against the measures set for:

- the CEO&P involves a review by the P&CC and Board based on financial inputs from the CFO, and recommended by the P&CC and approved by the Board each year; and
- other executive KMP involves a review by the CEO&P based on inputs from the CFO and approved by the P&CC.

The Board may use its discretion to modify the performance measures (upwards or downwards) in the event of extraordinary circumstances.

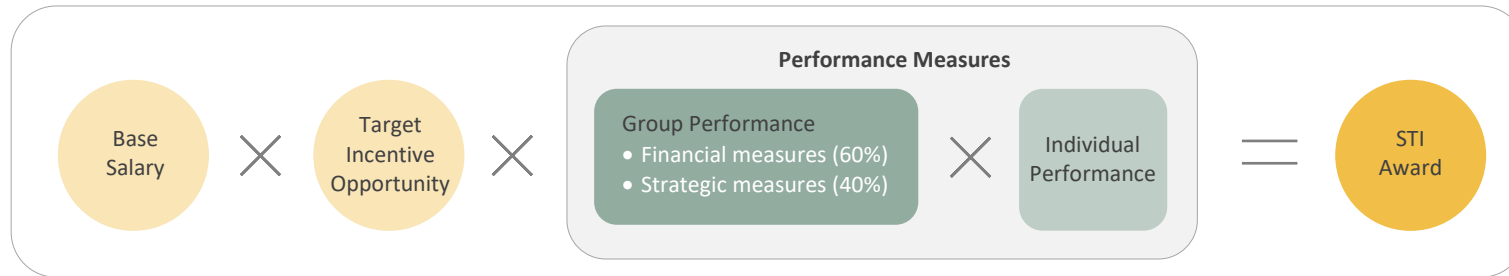


Individual Performance

Each executive’s contribution against performance objectives and HEAR behaviours is assessed by the Board or P&CC (as appropriate) at an individual level at the end of the performance period. HEAR behaviours reflect organisational values linked to Cochlear’s mission: Hear the customer, Embrace change & innovate, Aspire to win, and Remove boundaries.

How STI award is determined

The quantum of STI award the executive will receive is calculated as follows:



Delivery

60% of the award is paid in cash annually, with 40% deferred into service rights for a period of two years (subject to a service condition) to reinforce alignment to longer-term shareholder interests and for retention purposes.

The number of service rights to be allocated is determined by dividing the value of 40% of the STI award by the face value of a service right. The face value is the five-day volume-weighted average share price, from the next business day following the announcement of the full year results in August each year.

Each vested service right entitles executive KMP to receive a share. Additional shares, equal to the value of dividends paid by Cochlear from the grant date to the exercise date, are allocated on vested service rights. No additional shares will be allocated to any service rights that do not vest.

Cessation of employment

Prior to the STI award date: if an executive ceases employment with Cochlear prior to any cash being paid, or service rights being granted, the executive will forfeit any awards to be paid for the performance period, unless the Board determines otherwise.

Post STI award date: if an executive is dismissed for serious misconduct or resigns from their position after service rights have been granted, but prior to the relevant vesting date, any unvested rights will generally be forfeited, unless the Board determines otherwise.

If an executive ceases employment with Cochlear, and is a qualifying leaver (for reasons including, but not limited to, redundancy and retirement), then any unvested rights may remain on foot and vest in the ordinary course, in line with the original vesting date, unless the Board determines otherwise.

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2.4 Long-term incentive (LTI)

Purpose	LTI aligns the remuneration opportunity for the executive team with shareholder value and provides a stimulus for the retention of executives within the Company.																										
Award vehicle	LTI awards are delivered as 50% options and 50% performance rights.																										
Opportunity	<p>CEO&P: maximum opportunity is 125% of base salary.</p> <p>Other executive KMP: maximum opportunity is 90% of base salary.</p>																										
Allocation method	<p>The award is calculated by dividing the value of the LTI opportunity (comprising 50% options and 50% performance rights) by the value of options and performance rights. The value of an option is calculated using the ‘gross contract value’, which refers to a Black-Scholes-Merton pricing model. The ‘gross contract value’ discounts for dividends not paid, share price volatility and the risk-free rate of return. There is no discount for the likelihood of service or performance conditions. The value of a performance right is determined by taking account of the face value of each award and is based on the five-day volume-weighted average share price, from the next business day following the announcement of the full year results in August each year.</p>																										
Performance period	<p>Performance is measured over a four-year performance period. There is no retesting of performance hurdles under the LTI plan.</p>																										
Exercise period	<p>Options: Post vesting, options expire 25 months after the vesting date if they have not been exercised. The Board also has discretion to extend the exercise period for vested options by a further 12 months (up to 37 months) if an option holder is in possession of inside information in a trading window and is unable to exercise their vested options before expiry. The exercise price for vested options can be paid in cash or through a cashless exercise mechanism.</p> <p>Performance Rights: Post vesting up to 15 years from the date of grant.</p>																										
Performance measures and hurdles	<p>Each award (comprising 50% options and 50% performance rights) is subject to:</p> <ul style="list-style-type: none"> 50% weighting on relative TSR against the constituents of the ASX 100 index as at the start of the performance period; and 50% weighting on compound annual growth rate (CAGR) in underlying basic EPS. <p>The proportion of awards that vest for performance is:</p> <table border="1" data-bbox="353 1026 931 1236"> <thead> <tr> <th colspan="2">Relative TSR</th> </tr> <tr> <th>Performance</th> <th>% of instruments that vest</th> </tr> </thead> <tbody> <tr> <td>Less than 50th percentile</td> <td>0%</td> </tr> <tr> <td>At the 50th percentile</td> <td>40%</td> </tr> <tr> <td>50th percentile to 75th percentile</td> <td>40% to 100% (pro-rata*)</td> </tr> <tr> <td>Above 75th percentile</td> <td>100%</td> </tr> </tbody> </table> <table border="1" data-bbox="967 1026 1541 1236"> <thead> <tr> <th colspan="2">Underlying Basic EPS Growth</th> </tr> <tr> <th>Performance (CAGR)</th> <th>% of instruments that vest</th> </tr> </thead> <tbody> <tr> <td>Less than 7.5%</td> <td>0%</td> </tr> <tr> <td>7.5%</td> <td>50%</td> </tr> <tr> <td>7.5% to 12.5%</td> <td>50% to 100% (pro-rata*)</td> </tr> <tr> <td>Above 12.5%</td> <td>100%</td> </tr> </tbody> </table> <p>*Increasing on a straight-line basis</p>			Relative TSR		Performance	% of instruments that vest	Less than 50 th percentile	0%	At the 50 th percentile	40%	50 th percentile to 75 th percentile	40% to 100% (pro-rata*)	Above 75 th percentile	100%	Underlying Basic EPS Growth		Performance (CAGR)	% of instruments that vest	Less than 7.5%	0%	7.5%	50%	7.5% to 12.5%	50% to 100% (pro-rata*)	Above 12.5%	100%
Relative TSR																											
Performance	% of instruments that vest																										
Less than 50 th percentile	0%																										
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Above 75 th percentile	100%																										
Underlying Basic EPS Growth																											
Performance (CAGR)	% of instruments that vest																										
Less than 7.5%	0%																										
7.5%	50%																										
7.5% to 12.5%	50% to 100% (pro-rata*)																										
Above 12.5%	100%																										
Dividends	Options do not carry an entitlement to dividends. Each vested performance right entitles executive KMP to receive a share. Additional shares, equal to the value of dividends paid by Cochlear from the grant date to the exercise date, are allocated on vested performance rights. No additional shares will be allocated to any performance rights that do not vest.																										
Cessation of employment	If an executive ceases employment with Cochlear before the end of the performance period, unvested LTI awards will generally be forfeited. If an executive ceases employment with Cochlear, and is a qualifying leaver (for reasons including, but not limited to, redundancy and retirement), then unvested LTI awards may remain on foot and vest in the ordinary course in line with the original performance criteria and vesting date, unless the Board determines otherwise.																										

These measures have been selected to incentivise the executive team towards long-term sustainable growth of the business and are generally accepted proxies for the creation of shareholder value.



3. Executive KMP remuneration received in FY25 (unaudited)

The table below presents the remuneration paid to, received by, or vested to each executive KMP during the year. Fixed remuneration and cash STI relate to amounts earned during the year and vested deferred STI and vested LTI represent equity vesting from prior years.

The figures presented below are different to the statutory disclosures in section 5 which are prepared in accordance with the accounting standards and therefore include the accounting value for all unvested deferred STI and LTI awards expensed in the year. The table below has been provided voluntarily to provide clear disclosure on the remuneration outcomes and actual 'take-home pay' of executive KMP for FY25.

Name	Year	Fixed remuneration ¹	Cash STI ²	Vested deferred STI ³	Vested LTI ⁴	End of service	Total
Executive KMP							
D Howitt	FY25	2,154,296	–	995,209	2,756,394	–	5,905,899
	FY24	2,101,129	1,415,888	948,116	611,090	–	5,076,223
J Janssen	FY25	1,143,751	–	339,783	727,384	–	2,210,918
	FY24	1,055,012	633,394	348,373	182,405	–	2,219,184
S Thom	FY25	467,783	–	–	–	–	467,783
	FY24	–	–	–	–	–	–
Former Executive KMP							
S Sayers ⁵	FY25	487,979	–	323,894	295,842	–	1,107,715
	FY24	946,651	566,425	243,738	43,605	–	1,800,419

¹ Fixed remuneration earned in the year (base salary, superannuation, annual leave loading and non-monetary benefits).

² Cash STI earned and relating to performance during the financial year. For example, FY25 is reported as STI payments which are accrued at year end, and received in September 2025, after the reporting year end.

³ Vested deferred STI is the value of the deferred STI from prior years that vested in August of the reported financial year (calculated as the number of rights that vested multiplied by the closing share price on the vesting date). For example, FY25 is reported as the FY22 deferred STI grant which vested in August 2024.

⁴ Vested LTI is the value of performance rights and options that vested in August of the reported financial year (rights are calculated as the number of rights that vested multiplied by the closing share price on the vesting date and options are calculated as the number of options that vested multiplied by the closing share price on the date of exercise less the exercise price). FY25 is reported as the FY21 LTI grant which vested in August 2024 (86.32% of awards vested due to performance).

⁵ The former Chief Financial Officer, S Sayers, moved to a non-KMP executive role (President, Asia Pacific & Latin America), with effect from 1 January 2025.

4. Executive KMP remuneration and link to performance

4.1 FY25 STI outcomes

Any STI award is based on meeting a Group Performance Gateway of underlying net profit, and performance against financial measures (60%) and strategic measures (40%).

While some areas of the business performed well in FY25, the minimum level of underlying net profit required in FY25 to meet the Performance Gateway was not achieved. Underlying net profit (\$391.6 million) was below the Group Performance Gateway, which for FY25 was set at \$410 million.

Under the terms of the plan, the Board is able to exercise discretion to modify the Gateway (upwards or downwards) to allow payments under the plan to be made. After a holistic assessment of business performance, Board discretion was not applied and no STI awards (including deferred STI grants) were made to any executive KMP under the FY25 STI plan.

4.2 FY25 STI performance summary

The table on the next page (unaudited) provides a summary of achievement against each of the financial and strategic measures of the STI plan. Measures are agreed with the P&CC at the commencement of each financial year and aligned to the delivery of initiatives that support Cochlear's strategic priorities. While annual financial results are critical for dividends and funding development and growth, they are just one part of what is necessary each year for sustained performance. This is why we emphasise achievement on non-financial strategic measures (some of which are not amenable to a quantitative scale), as well as financial indicators of STI performance.



Group Performance Gateway: Underlying net profit target - \$410m target not met

<p>Financial Measure (60%)</p>	<p>Target: Deliver 10% constant currency revenue growth</p>	<p>Threshold Target Stretch 0% 36% 200%</p>	<p>Outcome: 3% constant currency revenue growth comprising:</p> <ul style="list-style-type: none"> • 9% Cochlear implant systems • (10)% Services • 6% Acoustics
<p>Strategic Measures (40%) Key objectives:</p>		<p>Threshold Target Stretch 0% 105% 125%</p>	<p>Key Outcomes:</p>
<p> Grow the hearing implant market</p>	<ul style="list-style-type: none"> • Strengthen adult and senior standard of care (SoC) and referral pathway • Expand the acoustics segment 	<p>Threshold Target Stretch </p>	<ul style="list-style-type: none"> • Achieved direct-to-consumer marketing lead conversion target • SoC milestones met – ACHIEVE, COACH, Living Guidelines • Adults and seniors segment growth of ~10%, in line with target • Osia volume up 30%, exceeding target
<p> Retain market leadership</p>	<ul style="list-style-type: none"> • Launch new products • Retain market share • Enhance customer service and experience • Deliver latest sound processor technology 	<p>Threshold Target Stretch </p>	<ul style="list-style-type: none"> • Launched Cochlear™ Nucleus® Nexa™ System, Nucleus Kanso® 3 and Kanso 3 Nexa Sound Processor, Baha® 7 Sound Processor in June 2025 • Milestones reached on product and services pipeline • Maintained >60% global market share, despite a small loss of share in a few countries • Candidate touch points and Cochlear™ Remote Check users exceeded targets
<p> Build a stronger organisation</p>	<ul style="list-style-type: none"> • Develop and strengthen corporate culture • Enhance capability and talent • Improve organisational agility and efficiency 	<p>Threshold Target Stretch </p>	<ul style="list-style-type: none"> • Engagement levels and culture indicators at or above target • Talent strategy milestones met and manager capability development plans deployed on target • Key transformation program milestones delivered for new ERP and manufacturing systems
<p> Minimise environmental impact</p>	<ul style="list-style-type: none"> • Continue towards net zero emissions • Embed sustainability into product design, development and manufacturing 	<p>Threshold Target Stretch </p>	<ul style="list-style-type: none"> • Net zero targets on track, with Scope 3 emissions data published and flights/FTE exceeding target • Double materiality assessment completed
<p> Consistent and sustainable growth</p>	<ul style="list-style-type: none"> • Maintain high levels of quality, risk management and corporate governance • Maintain upgrade conversion • Develop manufacturing network 	<p>Threshold Target Stretch </p>	<ul style="list-style-type: none"> • Quality objectives and enterprise risk management framework targets exceeded • Upgrade conversion rate below target • Manufacturing capacity expansion on target



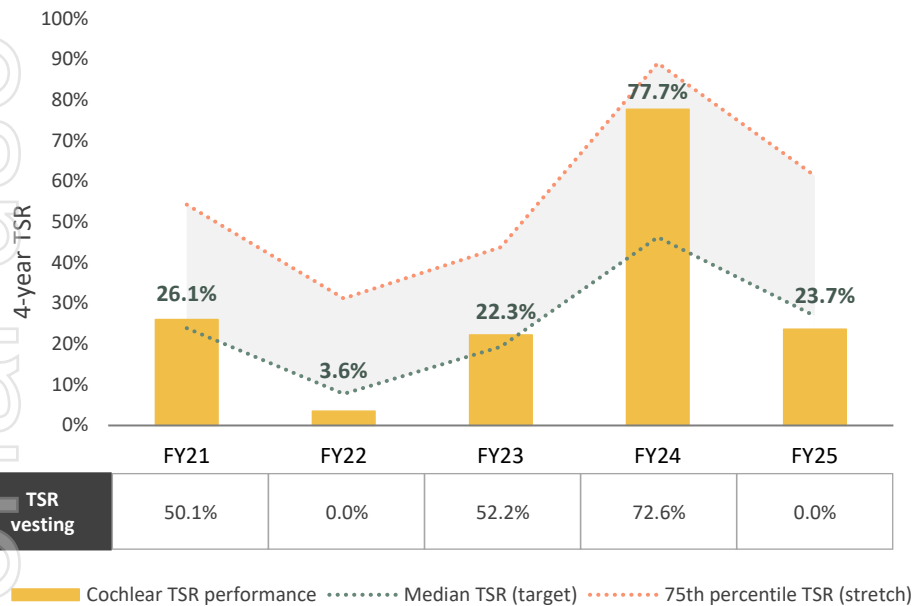
4.3 FY21-25 LTI vesting outcomes

LTI is based on performance against relative TSR (50%) and underlying basic EPS growth (50%) over a four-year performance period. The graphs below illustrate Cochlear’s relative TSR and growth in underlying basic EPS performance over the past five years.

Cochlear’s TSR for the performance period 1 July 2021 to 30 June 2025 was 23.7%, which was ranked at the 47.7th percentile of the ASX 100 comparator group. This resulted in performance below target, and as a result, 0% of the TSR portion of the LTI vested.

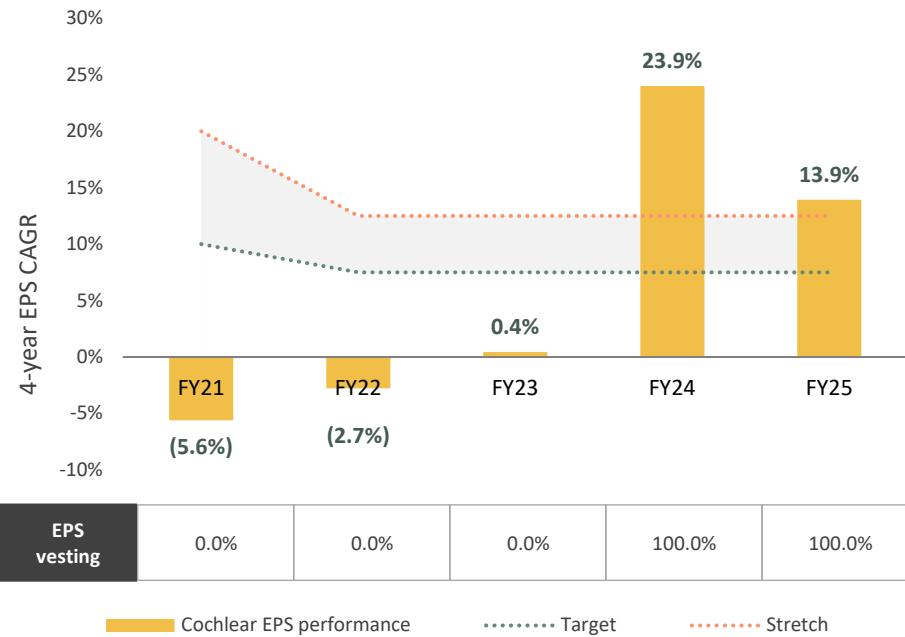
Cochlear’s underlying basic EPS¹ growth for the performance period 1 July 2021 to 30 June 2025 was 598.4 cents, which is a 13.9% CAGR over the four-year performance period. This resulted in performance above target² and as a result, 100% of the EPS portion of the LTI vested.

Cochlear’s relative TSR



	FY21	FY22	FY23	FY24	FY25
TSR vesting	50.1%	0.0%	52.2%	72.6%	0.0%

Cochlear’s growth in underlying basic EPS³



	FY21	FY22	FY23	FY24	FY25
EPS vesting	0.0%	0.0%	0.0%	100.0%	100.0%

¹ For the purpose of the FY21-25 LTI, EPS is determined based on underlying net profit which excludes non-cash after tax gain/loss from the revaluation of innovation fund investments and the impact of one off and non-recurring items. Basic EPS growth is preferred over diluted EPS growth for simplicity, and the lack of material difference a diluted EPS measure would offer.

² EPS targets were revised in FY20 (from the LTI plan vested in FY22) to ensure targets remained aligned to the Company’s growth targets and current market conditions. Refer to Cochlear’s 2019 Annual Report for further detail.

³ The capital raising in March 2020 and the impact of COVID on hospitals and healthcare systems around the world significantly impacted the achievement of EPS performance hurdles through the period to FY24.



4.4 Financial performance history (FY21 to FY25)

	FY21 ¹	FY22	FY23	FY24	FY25
Sales revenue (\$million) ²	1,493.3	1,641.1	1,955.7	2,258.2	2,355.8
Earnings/(loss) before interest and tax (EBIT) (\$million)	370.2	400.0	389.5	475.0	517.8
Underlying EBIT (\$million)	326.3	382.7	396.1	504.8	521.3
Reported EPS					
Net profit/(loss) (\$million)	323.8	289.1	300.6	356.8	388.9
Basic EPS (reported) (cents)	492.6	439.6	457.0	544.5	594.3
Reported EPS growth ³	4.9%	(2.9%)	(1.2%)	n/a	4.8%
Underlying EPS					
Underlying net profit (\$million) ⁴	234.0	277.0	305.2	386.6	391.6
Basic EPS (underlying) (cents) ⁴	356.0	421.1	464.1	589.8	598.4
Underlying EPS growth ³	(5.6%)	(2.7%)	0.4%	23.9%	13.9%
Share price and dividends					
Total dividend per share (\$)	2.55	3.00	3.30	4.10	4.30
Shares bought back and cancelled (\$million)	–	–	26.4	46.2	28.3
Share price as at 30 June (\$)	251.67	198.70	229.07	332.15	300.42
Relative total shareholder return (TSR)	26.1%	3.6%	22.3%	77.7%	23.7%
TSR percentile ranking ⁵	54 th	42 nd	55 th	64 th	47 th

¹ Except for EPS growth, FY21 has been restated for the accounting policy change in relation to cloud computing.

² Excludes foreign exchange gain/(loss) on hedged sales.

³ EPS growth for FY21 to FY23 is as reported in prior Remuneration Reports, as it relates to LTI awards that have already vested in prior years. EPS growth for FY21 to FY22 is based on 3-year CAGR and EPS growth for FY23 to FY25 is based on 4-year CAGR.

⁴ Underlying net profit and EPS for FY21 has been restated for the accounting policy change in relation to cloud computing as they relate to LTI awards vesting in current and future years.

⁵ TSR percentile ranking for FY21 to FY22 is shown over three financial years to 30 June. TSR percentile ranking for FY23 to FY25 is shown over four financial years to 30 June. For LTI, performance is compared to the TSR of the constituents of the ASX 100 as at the start of the relevant performance period.

For further explanation of details on Cochlear performance, see the Operating and Financial review which is set out on the following pages of this Annual Report.

- Operational review and Financial review (pages 73 to 78);
- Strategy and value creation (pages 23 to 72);
- Financial performance (pages 73 to 78); and
- the ‘Business Risks’ section in Governance and risk (pages 90 to 92).



5. Executive KMP statutory remuneration disclosure

The table below presents the total remuneration for executive KMP in accordance with the accounting standards.

Name	Year	Short-term benefits			Post- employment benefits	Other long-term benefits	Share-based payments			Total	% of performance related remuneration
		Salary ¹	Cash STI	Non-monetary benefits ²	Superannuation contributions ³	Long service leave	Deferred STI ⁴	LTI performance rights ⁵	LTI options ⁵		
Executive KMP											
D Howitt	FY25	2,122,655	–	1,709	29,932	10,868	625,687	843,290	998,148	4,632,289	53.26%
	FY24	2,072,022	1,415,888	1,709	27,399	(27,757)	852,783	986,454	1,118,358	6,446,856	67.84%
J Janssen	FY25	1,112,110	–	1,709	29,932	(8,021)	265,815	303,663	359,863	2,065,071	45.00%
	FY24	1,025,904	633,394	1,709	27,399	(69,025)	343,330	328,957	372,548	2,664,216	62.99%
S Thom ⁶	FY25	453,631	–	–	14,152	1,381	–	28,985	37,047	535,196	12.34%
	FY24	–	–	–	–	–	–	–	–	–	–
Former Executive KMP											
S Sayers ⁷	FY25	471,502	–	517	15,960	7,965	122,201	137,959	163,264	919,368	46.06%
	FY24	918,227	566,425	1,025	27,399	29,920	316,319	279,683	316,648	2,455,646	60.23%
Total	FY25	4,159,898	–	3,935	89,976	12,193	1,013,703	1,313,897	1,558,322	8,151,924	47.67%
	FY24	4,016,153	2,615,707	4,443	82,197	(66,862)	1,512,432	1,595,094	1,807,554	11,566,718	65.11%

¹ Salary includes annual base salary of \$2,098,294 to D Howitt, \$1,095,685 to J Janssen, \$452,923 to S Thom for the period as an executive KMP and \$470,060 to S Sayers for the period as an executive KMP. These figures also include annual leave loading for all executive KMP.

² Non-monetary benefits represent insurance (Salary Continuance) premiums for all executive KMP. For S Thom, the insurance premium paid in FY25 is nil.

³ Superannuation contributions are paid on earnings up to the Maximum Superannuation Contribution Base.

⁴ Deferred STI is granted in service rights and deferred for a further two years. The cost of the plan is expensed across three years. The FY25 amount represents the portion of the FY23 and FY24 deferred STI expensed in FY25. The FY24 amount represents the portion of the FY22, FY23 and FY24 deferred STI expensed in FY24.

⁵ LTI granted in performance rights and options are expensed evenly over the period from grant date to vesting date. The value is calculated at the date of grant using the Black-Scholes-Merton pricing model discounted for vesting probabilities of non-market performance criteria and a Monte Carlo simulation model for market condition of Cochlear's TSR measured against the S&P/ASX 100 comparator group. The amount expensed each reporting period includes adjustments to the life-to-date expense of grants based on the reassessed estimate of achieving non-market performance criteria. The value disclosed above is the portion of the value of the performance rights and options recognised as an expense in the financial year. The ability to exercise the performance rights and options is conditional on Cochlear achieving certain performance hurdles and there is no exercise price for LTI performance rights. Further details of performance rights and options granted during the financial year are set out in this report.

⁶ Remuneration for S Thom only relates to the period that she was an executive KMP from 1 January 2025.

⁷ Remuneration for S Sayers only relates to the period that he was an executive KMP until 31 December 2024. S Sayers, moved to a non-KMP executive role (President, Asia Pacific & Latin America), with effect from 1 January 2025.



6. Executive service agreements

Cochlear does not enter into (limited) service contracts for executive KMP. The terms of employment for executive KMP meet local employment law requirements. Key provisions are similar but do, on occasion, vary to suit different needs.

The following sets out details of the employment agreements relating to executive KMP.

Length of contract:	Permanent contract until notice is given by either party	
Notice periods:	Notice to be given by Executive	Notice to be given by Cochlear
Executive KMP		
D Howitt	52 weeks	52 weeks
J Janssen	12 weeks	12 weeks
S Thom	26 weeks	26 weeks
Former Executive KMP		
S Sayers	26 weeks	26 weeks
Post-employment restraints:	executive KMP are subject to post-employment restraints for up to 12 months	

7. Remuneration governance

7.1 Governance framework for remuneration at Cochlear

The Board is responsible for defining Cochlear’s purpose, strategic direction and satisfying itself that Cochlear’s remuneration policies are aligned with Cochlear’s purpose, value, strategic objective and risk appetite. Consistent with this responsibility, the Board has established the P&CC which is composed solely of independent NEDs.

Cochlear Board of Directors

Reviews, applies judgement and, as appropriate, approves recommendations from the P&CC on remuneration matters.

People and Culture Committee

The P&CC is empowered to source any internal resources and obtain external independent professional advice it considers necessary to enable it to review management proposals and has responsibility with respect to:

- Remuneration policy, composition, quantum and performance targets for executive KMP
- Remuneration policy in respect of NEDs
- Organisational culture, diversity and inclusion, talent management and leadership development strategies and practices
- Work, health and safety metrics and initiatives
- Design features of employee and executive STI and LTI awards

Management

Makes recommendations to the P&CC with respect to individual remuneration arrangements for executive KMP.

Implements policies and practices relating to talent management, remuneration, organisational culture, diversity and inclusion, work, health and safety and leadership development.



7.2 Advice from external advisors

To inform decisions, the P&CC sought advice and (at times) recommendations from the CEO&P and other management throughout the year.

No remuneration recommendations (as defined by the *Corporations Act 2001* (Cth) (the Act)) were provided by any advisor during the year.

The P&CC is satisfied that the information received externally is free from undue influence in accordance with the Act.

7.3 Share ownership requirements

Executive KMP are required to retain vested equity until they hold and maintain a holding of Cochlear shares equivalent to:

- 200% of base salary for the CEO&P¹; and
- 100% of base salary for other executive KMP.

Until this requirement is met, executive KMP must retain shares derived from participation in incentive plans, except sales to meet the cost of exercising any options and sales to meet tax on participation in the plan.

NEDs are required to hold shares equivalent to the value of their previous year's total annual fees (including both Board and committee fees). Following investor feedback, the Share ownership requirement must now be satisfied within five years of appointment to the Board.

The Board considers the minimum shareholding guidelines to be best practice to strengthen the alignment of executives and NEDs' interests to those of shareholders. The table in section 8.2 details the current holdings of executive KMP against the minimum holding requirements and table 9.3 details the minimum shareholding requirements and progress for NEDs. A copy of our Share Ownership Policy is available in the 'Investors' section of the Company's website.

¹ From 1 July 2024 the minimum shareholding requirement for the CEO&P increased from 100% to 200% of base salary

7.4 Clawback Policy and discretion

All participants of the deferred STI and LTI plans are subject to the Clawback Policy, available in the 'Investors' section of the Company's website. The policy enables the Board to clawback remuneration outcomes in the event of a material non-compliance with any financial reporting requirement, misconduct, or following inappropriate behaviour post-employment in cases where the Board has exercised its discretion to allow retention of equity following termination of employment. The policy is designed to further align the interests of participants with the long-

term interests of Cochlear and shareholders, and to ensure that excessive risk taking, or inappropriate post-employment actions, are not rewarded.

The Board retains discretion to adjust remuneration outcomes upwards or downwards to ensure incentives are not provided where it would be inappropriate or would provide unintended outcomes. The exercise of appropriate discretion may be used where a formulaic outcome does not align with the overall shareholder experience or reflect overall business performance and intended outcomes; or leads to retention risk for key talent. The Board balances judgement on remuneration outcomes with consideration to all stakeholders.

7.5 On-market share acquisitions

During FY25, 105,568 Cochlear ordinary shares were purchased on market at an average price of \$322.24 per share for the purposes of various Cochlear employee equity incentive plans.

8. Executive KMP equity disclosures

Executive KMP participate in the deferred STI and LTI plans which offer equity under the Cochlear Equity Incentive Plan (CEIP). The purpose of the CEIP is to encourage executives to hold Cochlear shares and to align their interests to shareholders' interests.

Under the LTI plan, vesting of options or performance rights only occurs if Cochlear achieves challenging and market competitive hurdles related to relative TSR and EPS growth. Under the deferred STI plan, grants are based on performance in the first year and are then deferred for a further two years.

8.1 Equity granted as remuneration

The table on the next page presents the number of options and performance rights granted to executive KMP and the number of instruments that were vested or forfeited during the FY25 financial year. Equity granted in FY25 under the CEIP has been approved by shareholders for the CEO&P. No options or rights vest if the conditions are not satisfied; hence, the minimum value is nil. The maximum value of the grants has been determined as the fair value of awards at grant date that is yet to be expensed.



Name	Plan	Grant date	Options		Performance rights		Vesting date ²	Expiry date (Options) ²	Expiry date (Rights) ²	Vested	Forfeited
			Number granted	Maximum value to be expensed (\$)¹	Number granted	Maximum value to be expensed (\$)¹					
Executive KMP											
D Howitt	FY21 LTI	21-Oct-20	21,217	–	4,782	–	16-Aug-24	21-Mar-25	16-Aug-24	86%	14%
	FY22 LTI	20-Oct-21	21,808	–	5,341	–	18-Aug-25	18-Mar-26	18-Aug-25	50%	50%
	FY22 deferred STI	29-Sep-22	–	–	3,257	–	16-Aug-24		16-Aug-24	100%	0%
	FY23 LTI	19-Oct-22	19,087	234,215	6,041	203,896	19-Aug-26	19-Sep-28	19-Aug-26		
	FY23 deferred STI	18-Sep-23	–	–	3,622	–	18-Aug-25		18-Sep-38		
	FY24 LTI	18-Oct-23	14,089	604,961	4,938	539,251	18-Aug-27	18-Sep-29	18-Oct-38		
	FY24 deferred STI	23-Sep-24	–	–	3,082	304,739	18-Aug-26		18-Sep-39		
	FY25 LTI	13-Nov-24	13,445	712,591	4,309	557,572	16-Aug-28	16-Sep-30	13-Nov-39		
Total			89,646	1,551,767	35,372	1,605,458					
J Janssen	FY21 LTI	21-Oct-20	5,197	–	1,171	–	16-Aug-24	21-Mar-25	16-Aug-24	86%	14%
	FY22 LTI	17-Sep-21	7,685	–	1,882	–	18-Aug-25	18-Mar-26	18-Aug-25	50%	50%
	FY22 deferred STI	29-Sep-22	–	–	1,112	–	16-Aug-24		16-Aug-24	100%	0%
	FY23 LTI	16-Sep-22	6,726	82,534	2,129	71,858	19-Aug-26	19-Sep-28	19-Aug-26		
	FY23 deferred STI	18-Sep-23	–	–	1,456	–	18-Aug-25		18-Sep-38		
	FY24 LTI	18-Sep-23	5,042	216,496	1,767	192,964	18-Aug-27	18-Sep-29	18-Sep-38		
	FY24 deferred STI	23-Sep-24	–	–	1,379	136,351	18-Aug-26		18-Sep-39		
	FY25 LTI	23-Sep-24	5,104	270,514	1,635	211,564	16-Aug-28	16-Sep-30	23-Sep-39		
Total			29,754	569,544	12,531	612,737					
S Thom ³	FY25 LTI	10-Dec-24	2,796	148,189	896	115,940	16-Aug-28	16-Sep-30	10-Dec-39		
Total			2,796	148,189	896	115,940					
Former Executive KMP											
S Sayers ⁴	FY22 LTI	17-Sep-21	7,636	–	1,870	–	18-Aug-25	18-Mar-26	18-Aug-25	50%	50%
	FY22 deferred STI	29-Sep-22	–	–	1,060	–	16-Aug-24		16-Aug-24	100%	0%
	FY23 LTI	16-Sep-22	6,010	–	1,902	–	19-Aug-26	19-Sep-28	19-Aug-26		
	FY23 deferred STI	18-Sep-23	–	–	1,357	–	18-Aug-25		18-Sep-38		
	FY24 LTI	18-Sep-23	4,509	–	1,580	–	18-Aug-27	18-Sep-29	18-Sep-38		
	FY24 deferred STI	23-Sep-24	–	–	1,233	–	18-Aug-26		18-Sep-39		
	FY25 LTI	23-Sep-24	4,294	–	1,376	–	16-Aug-28	16-Sep-30	23-Sep-39		
Total			22,449	–	10,378	–					

¹ The options granted in FY25 have an exercise price of \$306.20, and an expiry date of 16 September 2030. Fair values (AASB 2) of FY25 options and performance rights under the LTI plan as at the date of grant are as follows: options (EPS growth: \$95.96; relative TSR: \$73.43) and performance rights (EPS growth: \$289.43; relative TSR: \$149.48). Fair value of a FY24 deferred STI right as at the date of grant: \$296.63. This valuation is for accounting purposes only and forms the basis of the expense in future years. Further detail on the allocation methodology is provided in section 2.4.

² Vesting and expiry dates are indicative only and subject to change based on full year results announcement dates.

³ For S Thom, granted awards also relate to her role prior to appointment as an executive KMP.

⁴ For S Sayers, there will be future expenses incurred for plans on foot, however they will relate to his non-KMP role. S Sayers, moved to a non-KMP executive role (President, Asia Pacific & Latin America), with effect from 1 January 2025.



8.2 Executive KMP equity holdings and minimum shareholding

This section details the movement in equity holdings during the FY25 financial year.

Shares held during the year

FY22 deferred STI plan and FY21 LTI plan vested in August 2024, and vested options/rights were converted into shares upon exercise.

Name	Balance 1 July 2024	Received on exercise of vested options/rights ¹	Purchases and sales	Balance 30 June 2025
Executive KMP				
D Howitt	54,073	12,382	(4,980)	61,475
J Janssen	6,093	3,474	–	9,567
S Thom ²	N/A	–	–	–
Former Executive KMP				
S Sayers ³	3,408	2,033	(1,866)	N/A

¹ Shares received after cashless exercise for all executive KMP (a reduced number of fully paid Cochlear shares reflecting the “net” value of the options at the time of exercise in lieu of paying the exercise price to Cochlear).

² S Thom was appointed to the executive team with effect from 1 November 2024 and became a member of the executive KMP with effect from 1 January 2025.

³ S Sayers ceased to be an executive KMP with effect from 1 January 2025 and movements in shares reflect the duration of the year that he was a KMP. S Sayers, moved to a non-KMP executive role (President, Asia Pacific & Latin America), with effect from 1 January 2025.

Rights held during the year

Rights are acquired by executive KMP under the deferred STI and LTI plans.

- FY25 LTI awards were granted during September to December 2024, and FY24 deferred STI awards were granted in September 2024. 86.32% of the FY21 LTI plan and 100% of the FY22 deferred STI plan vested in August 2024.

Name	Balance 1 July 2024	Deferred STI service rights			LTI performance rights			Balance 30 June 2025 ⁴
		Granted	Vested	Forfeited	Granted	Vested	Forfeited ¹	
Executive KMP								
D Howitt	27,981	3,082	(3,257)	–	4,309	(4,127)	(655)	27,333
J Janssen	9,517	1,379	(1,112)	–	1,635	(1,010)	(161)	10,248
S Thom ²	N/A	–	–	–	896	–	–	896
Former Executive KMP								
S Sayers ³	8,241	1,233	(1,060)	–	1,376	(407)	(65)	N/A

¹ These forfeited LTI performance rights were granted in FY21.

² For S Thom, granted performance rights also relate to her role prior to appointment as an executive KMP.

³ For S Sayers, vested and forfeited performance and service rights also relate to his role prior to appointment as a KMP. S Sayers ceased to be an executive KMP with effect from 1 January 2025 and movements in rights reflect the duration of the year that he was a KMP. S Sayers, moved to a non-KMP executive role (President, Asia Pacific & Latin America), with effect from 1 January 2025.

⁴ In FY25, no executive KMP held dividends in the form of additional shares allocated to vested performance and service rights.



Options held during the year

Options over ordinary shares are acquired by executive KMP under the LTI plan.

- FY25 LTI awards were granted during September to December 2024; and
- 86.32% of the FY21 LTI plan vested in August 2024.

All options held at the end of the financial year are unvested.

Name	Balance 1 July 2024	LTI options				Balance 30 June 2025	Vested and exercisable at 30 June 2025
		Granted	Vested and exercised	Vested and lapsed	Forfeited ¹		
Executive KMP							
D Howitt	76,201	13,445	(18,314)	–	(2,903)	68,429	–
J Janssen	24,650	5,104	(4,486)	–	(711)	24,557	–
S Thom ²	N/A	2,796	–	–	–	2,796	–
Former Executive KMP							
S Sayers ³	20,252	4,294	(1,810)	–	(287)	N/A	N/A

¹ These forfeited options were granted in FY21.

² For S Thom, granted options also relate to her role prior to appointment as an executive KMP.

³ For S Sayers, vested and forfeited options also relate to his role prior to appointment as a KMP. S Sayers ceased to be an executive KMP with effect from 1 January 2025 and movements in options reflect the duration of the year that he was a KMP. S Sayers, moved to a non-KMP executive role (President, Asia Pacific & Latin America), with effect from 1 January 2025.

Executive minimum shareholding

As at 30 June 2025, the Board is satisfied that the executive KMP are compliant with the Share Ownership Policy. The table below presents a summary of executive KMP holdings and compliance with minimum shareholding requirements, which they have confirmed through the executive KMP disclosures for FY25.

Name	Ordinary shares held	Policy value of Cochlear shares at year end (\$)¹	% of base salary²
Executive KMP			
D Howitt	61,475	17,918,118	849%
J Janssen	9,567	2,788,493	250%
S Thom ³	–	–	0%

¹ In line with the Share Ownership Policy, the value has been calculated using the average daily closing share price over the previous 12 months, as reported on the ASX up to 30 June 2025 (\$291.47), multiplied by the number of shares.

² The % of base salary is calculated as the value of shares divided by the contractual base salary as at 30 June 2025.

³ S Thom was appointed to the executive team with effect from 1 November 2024 and became a member of the executive KMP with effect from 1 January 2025.



8.3 Potential dilution if options vest and ordinary shares issued (unaudited)

The Board encourages employee ownership of Cochlear shares. To restrict dilution of shareholders' interests, the total employee interests in unvested equity cannot exceed 5% of share capital.

At the date of this report, the number of ordinary shares that would be issued if all options were vested (having met the service and performance conditions) and exercised and assuming ordinary shares were issued, is as follows.

	Grant date	Number of options			Exercise price per share (\$)	Exercise period	Current net value of outstanding options as at 30 June 2025 (\$)²
		Issued	Forfeited/ lapsed¹	At report date			
FY22 LTI	17-Sep-21 (Executives) 20-Oct-21 (CEO&P)	80,240	(11,105)	69,135	232.52	Aug-25 to Mar-26	4,694,267
FY23 LTI	16-Sep-22 (Executives) 19-Oct-22 (CEO&P)	67,487	–	67,487	216.33	Aug-26 to Sep-28	5,674,982
FY24 LTI	18-Sep-23 (Executives) 18-Oct-23 (CEO&P)	58,805	–	58,805	257.69	Aug-27 to Sep-29	2,512,738
FY25 LTI	23-Sep-24 (Executives) 13-Nov-24 (CEO&P) 10-Dec-24 (CFO)	54,365	–	54,365	306.20	Aug-28 to Sep-30	–
Total		260,897	(11,105)	249,792			12,881,987

¹ Forfeited/lapsed options from unvested grants relate to plan participants who have departed Cochlear.

² Represents the number of options as at report date multiplied by the value of an option as at 30 June 2025 (exercise price less the closing share price as at 30 June 2025 of \$300.42).

Total unvested equity currently accounts for approximately 0.67% of the total number of issued shares, as set out below.

Instrument	Number of options/rights on issue (at 30 June 2025)
Unvested LTI options	249,792
Unvested LTI rights	76,312
Unvested deferred STI rights	73,563
Service rights	41,271
Total	440,938
As % of total issued shares	0.67%
Number of issued shares	65,397,004

8.4 Transactions and loans with KMP

No transactions or loans involving Directors or executive KMP, their close family members or entities they control or have significant influence over, were made during the year.



9. Non-executive Director fees

NEDs are paid from an aggregate annual fee pool of \$3,500,000 for FY25 (approved at the 2022 Annual General Meeting). Total remuneration paid during the year was \$2,667,186, which is within the fee pool limit (representing 76.2% of the fee pool).

NEDs do not receive any performance-related remuneration, options or performance rights.

9.1 Fee policy and changes during the year

Board fees must recognise the effort required to fulfil the responsibilities of a director. Reflecting the increasing governance requirements and the work of the Board, the Board considered it appropriate to increase annual Chair and base Member fees by 3.7%, in line with the broader workforce, effective 1 September 2024. No changes to committee fees were made in FY25. In FY26 the Chair and base Member fees, and the Chair and Member fees for the People and Culture Committee will increase by 2.75%. These decisions were made with reference to external remuneration benchmarking of companies of a similar market capitalisation to that of Cochlear.

The table below outlines the base and committee fees for FY24 and FY25.

Amounts \$ ¹	FY24		FY25	
	Chair	Member	Chair	Member
Cochlear Board	569,380	188,393	590,447	195,363
Committees²				
Audit and Risk	50,000	25,000	50,000	25,000
People and Culture	40,000	20,000	40,000	20,000
Product and Services Innovation	40,000	20,000	40,000	20,000
Medical Science	30,000	15,000	30,000	15,000
Nomination	No fee	No fee	No fee	No fee

¹ Superannuation contributions have been made in accordance with Australian superannuation legislation at a rate of 11.5% up to the Australian Government's prescribed maximum contributions limit. Fees are presented exclusive of superannuation.

² Committee fees are not paid to the Chair of the Cochlear Board.

NEDs are entitled to reimbursement for costs directly related to Cochlear business including reasonable travel, accommodation and other expenses incurred attending meetings of the Board, committees, or shareholders, or while engaged on company business.

It is recognised that as an Australian headquartered business, for some overseas-based Non-executive Directors substantial additional travel may be required to attend meetings or other Board-related matters in Australia. Currently a travel allowance of \$10,000 per return trip is in place for internationally based Non-executive Directors who travel to and from Australia to attend Board and/or committee meetings or other Board-related matters (when air travel exceeds 10 hours). The allowance is paid on a per return trip basis and is in addition to the reimbursement of travel costs. In FY25, one NED based in the United States received a travel allowance of \$50,000 to reflect five trips to Australia to attend Board meetings.



9.2 NED statutory remuneration

The table below presents the total remuneration for NEDs.

Name	Year	Short-term benefits		Post-employment benefits	Total
		Fees	Travel allowance	Superannuation	
Non-executive Directors					
A Deans (Chair)	FY25	586,801	–	29,932	616,733
	FY24	569,380	–	27,399	596,779
G Boreham, AM	FY25	259,157	–	28,647	287,804
	FY24	266,008	–	27,350	293,358
M Daniell, KNZM	FY25	274,157	–	29,443	303,600
	FY24	268,393	–	27,326	295,719
M del Prado ¹	FY25	277,810	50,000	–	327,810
	FY24	264,992	50,000	–	314,992
C McLoughlin, AM ²	FY25	308,865	–	–	308,865
	FY24	287,652	–	–	287,652
B Robinson, AC	FY25	262,811	–	28,514	291,325
	FY24	242,701	–	26,310	269,011
K Penrose	FY25	284,157	–	29,883	314,040
	FY24	278,393	–	27,480	305,873
C Clarke ³	FY25	194,627	–	22,382	217,009
	FY24	–	–	–	–
Total	FY25	2,448,385	50,000	168,801	2,667,186

¹ M del Prado is a tax resident of the US and a non-resident of Australia for income tax purposes and is exempt from Australian superannuation guarantee obligations. An equivalent amount of \$28,653 was paid over the period from 1 July 2024 to 30 June 2025 as fees in lieu of superannuation guarantee payments which would have been received.

² C McLoughlin has opted out of receiving superannuation guarantee payments in accordance with the *Superannuation Guarantee (Administration) Act 1992* (Cth). An equivalent amount of \$29,708 was paid over the period from 1 July 2024 to 30 June 2025 as fees.

³ C Clarke was appointed to the Board on 2 September 2024.



9.3 Minimum shareholding requirement for NEDs

NEDs are required to hold shares equivalent to the fees (including both Board and committee fees) received in the previous 12 months. The share ownership requirement must be satisfied within five years of appointment to the Board.

As at 30 June 2025, all NEDs are compliant with the Share Ownership Policy, which allows five years to build their shareholdings. The table below presents Cochlear Limited shareholdings for each NED, which they have confirmed through the NED disclosures for FY25.

	Balance 1 July 2024	Purchases	Sales	Balance 30 June 2025	Policy value of shares as at 30 June 2025 (\$) ¹	% of fees ²
Non-executive Directors						
A Deans	4,500	–	–	4,500	1,311,615	222%
G Boreham, AM	3,014	–	–	3,014	878,491	337%
M Daniell, KNZM	1,614	–	–	1,614	470,433	171%
M del Prado	846	95	–	941	274,273	110%
C McLoughlin, AM	2,150	450	–	2,600	757,822	270%
B Robinson, AC	1,185	–	–	1,185	345,392	128%
K Penrose	1,223	197	–	1,420	413,887	145%
C Clarke ³	N/A	–	–	–	–	0%

¹ In line with the Share Ownership Policy, available in the 'Investors' section of the Company's website, the value of Cochlear Limited ordinary shares is calculated using the average daily closing share price over the previous 12 months, as reported on the ASX up to 30 June 2025 (\$291.47), multiplied by the number of shares.

² The shareholding requirement has been calculated using annualised contractual fees based on Board and Committee membership as at 30 June 2025 (excluding superannuation).

³ C Clarke was appointed to the Board on 2 September 2024 and in accordance with the policy has until 2 September 2029 to build her shareholding.



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Directors' report

The directors present their report, together with the Consolidated Financial report of the Consolidated Entity (Cochlear), being Cochlear Limited (the Company) and its controlled entities, for the year ended 30 June 2025, and the Auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year were A Deans (Chair), G Boreham, AM, C Clarke, Sir M Daniell, KNZM, M del Prado, D Howitt, C McLoughlin, AM, K Penrose and Prof B Robinson, AC.

Information on the current directors is presented in this Annual Report. This information includes the qualifications, experience and special responsibilities of each director. Also provided are details of the directors' other directorships.

Company secretary

The Company Secretarial function is responsible for ensuring that the Company complies with its statutory duties and maintains proper documentation, registers and records. It also provides advice to directors and officers about corporate governance and gives practical effect to any decisions made by the Board.

The company secretaries of the Company at any time during or since the end of the financial year were R McGrory and K Jo.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year were:

	Board of Directors		Audit and Risk Committee		People and Culture Committee ¹		Medical Science Committee		Nomination Committee		Product and Services Innovation Committee ²	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
A Deans	11	11	–	–	–	–	–	–	1	1	–	–
G Boreham, AM	11	11	4	4	4	4	–	–	1	1	4	4
Sir M Daniell, KNZM	11	11	4	4	–	–	2	2	1	1	4	4
M del Prado	11	11	–	–	4	4	2	2	1	1	4	4
D Howitt	11	11	–	–	–	–	2	2	–	–	4	4
C McLoughlin, AM	11	11	4	4	4	4	–	–	1	1	4	4
K Penrose	11	11	4	4	4	4	–	–	1	1	4	4
Prof B Robinson, AC ²	11	11	3	2	–	–	2	2	1	1	4	4
C Clarke ¹	9	9	–	–	3	3	–	–	–	–	3	2

1. C Clarke was appointed to the Board and became a member of the People & Culture, Nomination and Product & Services Innovation Committees on 2 September 2024.

2. Prof B Robinson, AM became a member of the Audit and Risk Committee on 1 October 2024.

The Chair of the Board attends committee meetings by invitation as a matter of course. Often directors also attend meetings of committees of which they are not a member. These attendances are not reflected in the table above.



Principal activities

Information on the principal activities, operations and financial position of Cochlear Limited and its business strategies and prospects is set out in the following pages of this Annual Report and forms the Operating and Financial Review:

- Strategy and value creation (pages 23 to 72);
- Financial performance (pages 73 to 78); and
- the 'Business Risks' section in Governance and risk (pages 90 to 92).

Dividends

Dividends declared and paid by the Company to members since the end of the previous financial year were:

	Dollars per share	Total amount \$m	Franked	Date of payment
Dividends recognised in the current financial year by the Company are:				
Interim 2025 ordinary	2.15	140.7	80% Franked	14 April 2025
Final 2024 ordinary	2.10	137.5	80% Franked	10 October 2024
Total amount	4.25	278.2		

Since the end of the financial year, the directors declared the following dividend:

Final 2025 ordinary	2.15	140.6	85% Franked	13 October 2025
Total amount	2.15	140.6		

The financial effect of the 2025 final dividend will be recognised in the subsequent financial year as it was declared after 30 June 2025.

Environmental regulations

Cochlear's operations are subject to environmental regulations under the Commonwealth of Australia and State/Territory legislation. The Board believes that Cochlear has adequate systems in place to manage its environmental obligations and is not aware of any breach of those environmental requirements as they apply to Cochlear.

Non-audit services

During the year, KPMG, the Company's auditor, performed certain other services in addition to its statutory duties. The Board has considered the non-audit services provided during the year by the auditor, and in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services during the year are set out below:

	Consolidated	
	2025	2024
	\$	\$

Audit and assurance services

Auditors of the Company - KPMG:

– audit and review of consolidated financial statements	1,934,806	1,663,200
– audit and review of subsidiary financial statements	1,019,483	817,500
– other assurance services	77,760	19,650
Total audit and assurance services	3,032,049	2,500,350

Other services

Auditors of the Company - KPMG:

– taxation compliance and advisory services	1,442,364	1,367,248
– other advisory services	209,975	54,850
Total other services	1,652,339	1,422,098



State of affairs

There were no significant changes to the state of affairs of Cochlear during the financial year other than that referred to in the financial statements or notes thereto.

Remuneration report

Information on Cochlear's remuneration framework and the outcomes for the financial year ended 30 June 2025 for the Cochlear Limited Board, the CEO & President and other key management personnel are included in the Remuneration report on pages 102 to 122 of this Annual Report.

Indemnification of officers

Under the terms of Article 10 of the Company's Constitution, and to the extent permitted by law, the Company has indemnified the directors of the Company named in this Directors' report, the Company Secretary and other persons concerned in or taking part in the management of the Consolidated Entity. The indemnity applies when persons are acting in their capacity as officers of the Company in respect of:

- liability to third parties (other than the Company or related bodies corporate), if the relevant officer has acted in good faith; and
- costs and expenses of successfully defending legal proceedings in which relief under the *Corporations Act 2001* is granted to the relevant officer.

Insurance premiums

During the financial year, the Company paid a premium for a Directors' and Officers' Liability Insurance policy. The insurance provides cover for the directors named in this Directors' report, the company secretaries, and officers and former directors and officers of the Company. The insurance also provides cover for present and former directors and officers of other companies in the Consolidated Entity. The directors have not included in this report details of the nature of the liabilities covered and the amount of the premium paid in respect of the Directors' and Officers' Liability and Supplementary Legal Expenses Insurance policies, as such disclosure is prohibited under the terms of the contract.

Events subsequent to the reporting date

Other than the matter noted below, there has not arisen in the interval between the reporting date and the date of this Consolidated financial report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of Cochlear, the results of those operations, or the state of affairs of Cochlear in future financial years:

Dividends

For dividends declared after 30 June 2025, refer above.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 127 and forms part of the Directors' report for the financial year ended 30 June 2025.

Rounding off

The Company is of a kind referred to in Australian Securities and Investments Commission (ASIC) (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the Directors' report and Consolidated financial report have been rounded off to the nearest one hundred thousand dollars unless otherwise stated.

Dated at Sydney this 15th day of August 2025.

Signed in accordance with a resolution of the directors:

Director

Director



Lead auditor's independence declaration under section 307C of the Corporations Act 2001

To the Directors of Cochlear Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Cochlear Limited for the financial year ended 30 June 2025 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Rachel Gatt
Partner
Sydney
15 August 2025

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Income statement

FOR THE YEAR ENDED 30 June 2025

	Note	2025 \$m	2024 \$m
Revenue	2.2	2,343.1	2,235.6
Cost of sales	2.3	(615.2)	(562.1)
Gross profit		1,727.9	1,673.5
Selling, marketing and general expenses		(732.0)	(685.0)
Research and development expenses		(291.5)	(277.0)
Administration expenses		(207.9)	(212.6)
Other income	2.4	26.4	11.0
Other expenses	2.3	(4.2)	(34.3)
Share of losses on equity-accounted investments	5.5	(0.9)	(0.6)
Results from operating activities		517.8	475.0
Finance income – interest		11.7	19.0
Finance expense – interest		(11.0)	(9.2)
Net finance income		0.7	9.8
Profit before income tax		518.5	484.8
Income tax expense	3.1	(129.6)	(128.0)
Net profit		388.9	356.8
Basic earnings per share (cents)	2.5	594.3	544.5
Diluted earnings per share (cents)	2.5	592.8	543.0

The notes on pages 133 to 162 are an integral part of these consolidated financial statements.

Statement of comprehensive income

	2025 \$m	2024 \$m
Net profit	388.9	356.8
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to the income statement:		
Defined benefit plan actuarial (loss)/gain	(1.3)	1.4
Financial investments measured at fair value through other comprehensive income, net of tax	(0.9)	(20.4)
Total items that will not be reclassified subsequently to the income statement	(2.2)	(19.0)
Items that are or may be reclassified subsequently to the income statement:		
Foreign currency translation differences	48.4	1.9
Effective portion of changes in fair value of cash flow hedges, net of tax	(15.1)	1.2
Net change in fair value of cash flow hedges transferred to the income statement, net of tax	8.9	15.8
Total items that are or may be reclassified subsequently to the income statement	42.2	18.9
Total other comprehensive income/(loss), net of tax	40.0	(0.1)
Total comprehensive income	428.9	356.7



Balance sheet

AS AT 30 June 2025

	Note	2025 \$m	2024 \$m
Assets			
Cash and cash equivalents	2.7(a)	275.7	513.6
Trade and other receivables	6.4(b)	585.9	490.7
Forward exchange contracts		6.9	7.7
Inventories	5.1	499.4	391.6
Current tax assets	3.2	11.8	11.3
Prepayments		37.1	37.2
Total current assets		1,416.8	1,452.1
Trade and other receivables		7.8	1.3
Forward exchange contracts		5.3	3.5
Property, plant and equipment	5.2	332.7	304.8
Intangible assets	5.3	500.8	451.0
Investments	5.5	76.9	80.5
Other financial assets	5.5	110.5	97.9
Equity-accounted investments	5.5	2.0	2.9
Deferred tax assets	3.3	168.7	138.7
Right of use assets	5.8	203.5	212.4
Total non-current assets		1,408.2	1,293.0
Total assets		2,825.0	2,745.1

	Note	2025 \$m	2024 \$m
Liabilities			
Trade and other payables		298.4	303.2
Forward exchange contracts		12.5	8.5
Current tax liabilities	3.2	26.4	17.6
Employee benefit liabilities	4.2	113.4	150.5
Provisions	5.6	29.0	43.4
Deferred revenue		80.4	66.7
Lease liabilities	6.4(c)	42.2	41.6
Total current liabilities		602.3	631.5
Forward exchange contracts		6.1	0.4
Employee benefit liabilities	4.2	11.7	7.8
Provisions	5.6	39.6	35.3
Deferred tax liabilities	3.3	18.0	18.9
Deferred revenue		3.5	8.6
Lease liabilities	6.4(c)	193.5	202.1
Total non-current liabilities		272.4	273.1
Total liabilities		874.7	904.6
Net assets		1,950.3	1,840.5
Equity			
Share capital		1,176.0	1,204.2
Reserves		(3.0)	(31.6)
Retained earnings		777.3	667.9
Total equity		1,950.3	1,840.5

The notes on pages 133 to 162 are an integral part of these consolidated financial statements.



Statement of changes in equity

FOR THE YEAR ENDED 30 June 2025

\$m	Issued capital	Treasury share reserve	Translation reserve	Hedging reserve	Fair value reserve	Share-based payment reserve	Retained earnings	Total equity
2025								
Balance at 1 July 2024	1,204.2	–	(54.4)	1.6	(86.4)	107.6	667.9	1,840.5
<i>Total comprehensive income/(loss)</i>								
Net profit	–	–	–	–	–	–	388.9	388.9
<i>Other comprehensive income/(loss)</i>								
Defined benefit plan actuarial loss	–	–	–	–	–	–	(1.3)	(1.3)
Financial investments measured at fair value through other comprehensive income, net of tax	–	–	–	–	(0.9)	–	–	(0.9)
Foreign currency translation differences	–	–	48.4	–	–	–	–	48.4
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	(15.1)	–	–	–	(15.1)
Net change in fair value of cash flow hedges transferred to the income statement, net of tax	–	–	–	8.9	–	–	–	8.9
Total other comprehensive income/(loss)	–	–	48.4	(6.2)	(0.9)	–	(1.3)	40.0
Total comprehensive income/(loss)	–	–	48.4	(6.2)	(0.9)	–	387.6	428.9
Transactions with owners, recorded directly in equity								
Shares issued	0.1	–	–	–	–	–	–	0.1
Treasury shares acquired	–	(59.8)	–	–	–	–	–	(59.8)
Shares cancelled	(28.3)	28.3	–	–	–	–	–	–
Share options exercised	–	14.8	–	–	–	(5.1)	–	9.7
Performance rights vested	–	16.7	–	–	–	(19.2)	–	(2.5)
Share-based payment transactions	–	–	–	–	–	22.1	–	22.1
Deferred tax recognised in equity	–	–	–	–	–	(10.5)	–	(10.5)
Dividends to shareholders	–	–	–	–	–	–	(278.2)	(278.2)
Balance at 30 June 2025	1,176.0	–	(6.0)	(4.6)	(87.3)	94.9	777.3	1,950.3

The notes on pages 133 to 162 are an integral part of these consolidated financial statements.



Statement of changes in equity

FOR THE YEAR ENDED 30 June 2025

\$m	Issued capital	Treasury share reserve	Translation reserve	Hedging reserve	Fair value reserve	Share-based payment reserve	Retained earnings	Total equity
2024								
Balance at 1 July 2023	1,250.3	(13.9)	(56.3)	(15.4)	(66.0)	94.7	555.4	1,748.8
<i>Total comprehensive income/(loss)</i>								
Net profit	–	–	–	–	–	–	356.8	356.8
<i>Other comprehensive income/(loss)</i>								
Defined benefit plan actuarial gain	–	–	–	–	–	–	1.4	1.4
Financial investments measured at fair value through other comprehensive income, net of tax	–	–	–	–	(20.4)	–	–	(20.4)
Foreign currency translation differences	–	–	1.9	–	–	–	–	1.9
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	1.2	–	–	–	1.2
Net change in fair value of cash flow hedges transferred to the income statement, net of tax	–	–	–	15.8	–	–	–	15.8
Total other comprehensive income/(loss)	–	–	1.9	17.0	(20.4)	–	1.4	(0.1)
Total comprehensive income/(loss)	–	–	1.9	17.0	(20.4)	–	358.2	356.7
Transactions with owners, recorded directly in equity								
Shares issued	0.1	–	–	–	–	–	–	0.1
Treasury shares acquired	–	(45.8)	–	–	–	–	–	(45.8)
Shares cancelled	(46.2)	46.2	–	–	–	–	–	–
Share options exercised	–	13.5	–	–	–	(13.5)	–	–
Performance rights vested	–	–	–	–	–	(0.1)	–	(0.1)
Share-based payment transactions	–	–	–	–	–	19.6	–	19.6
Deferred tax recognised in equity	–	–	–	–	–	6.9	–	6.9
Dividends to shareholders	–	–	–	–	–	–	(245.7)	(245.7)
Balance at 30 June 2024	1,204.2	–	(54.4)	1.6	(86.4)	107.6	667.9	1,840.5

The notes on pages 133 to 162 are an integral part of these consolidated financial statements.



Statement of cash flows

FOR THE YEAR ENDED 30 June 2025

	Note	2025 \$m	2024 \$m
Cash flows from operating activities			
Cash receipts from customers		2,256.0	2,183.1
Cash paid to suppliers and employees		(1,882.8)	(1,683.3)
Grant and other income received		19.7	10.7
Interest received		11.7	19.0
Interest paid		(11.0)	(9.2)
Income taxes paid	3.1	(156.0)	(131.5)
Net cash provided by operating activities	2.7(b)	237.6	388.8
Cash flows from investing activities			
Acquisition of leasehold improvements, plant and equipment and land and buildings		(62.4)	(62.4)
Acquisition of IT systems		(24.1)	(15.6)
Acquisition of other intangible assets		(16.1)	(11.8)
Acquisition of investments and other financial assets	5.5	(12.6)	(15.9)
Net cash used in by investing activities		(115.2)	(105.7)
Cash flows from financing activities			
Payments of lease liability principal		(36.2)	(32.4)
Outlay from exercise of share options and performance rights		(24.3)	(2.8)
Proceeds from share issuance		0.1	0.1
Payments for share buyback		(28.3)	(43.0)
Dividends paid	2.6	(278.2)	(245.7)
Net cash used in financing activities		(366.9)	(323.8)
Net decrease in cash and cash equivalents			
		(244.5)	(40.7)
Cash and cash equivalents at 1 July		513.6	555.5
Effect of exchange rate fluctuations on cash held		6.6	(1.2)
Cash and cash equivalents at 30 June		275.7	513.6

The notes on pages 133 to 162 are an integral part of these consolidated financial statements.



Notes to the financial statements

FOR THE YEAR ENDED 30 June 2025

1. Basis of preparation

This section sets out the Company's accounting policies that relate to the financial statements as a whole. Where a material accounting policy is specific to one note, the policy is described in the note to which it relates.

1.1 Reporting entity

Cochlear Limited (the Company) is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2025 comprise the Company and its controlled entities (together referred to as Cochlear or the Consolidated Entity). Cochlear is a for-profit entity and operates in the implantable hearing device industry.

1.2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

The Board approved the consolidated financial statements on 15 August 2025.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments and financial investments measured at fair value. The fair value measurement method of derivative instruments and financial investments measured at fair value is discussed further in Notes 5.5 and 6.4(d).

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars (AUD), which is the Company's functional currency.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and, in accordance with that Instrument, all financial information presented in AUD has been rounded to the nearest one hundred thousand dollars unless otherwise stated.

(d) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the date the fair value was determined.

Foreign exchange differences arising on translation are recognised in the Income statement within other income and other expenses.

Financial statements of foreign operations

The assets and liabilities of foreign operations are translated to the Company's functional currency at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to the Company's functional currency at rates approximating the foreign exchange rates ruling at the dates of transactions.

Foreign currency differences arising from translation of controlled entities are recognised in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of, in part or in full, the relevant amount of its translation reserve is transferred to the Income statement and reported as part of the gain or loss on disposal.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and presented in the translation reserve.

(e) Use of judgements and estimates

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised and in any future years affected.

Management discussed with the Audit and Risk Committee the development, selection and disclosure of Cochlear's critical accounting policies and estimates and the application of these policies and estimates.



Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 5.6 – Provisions – key assumptions about the likelihood and magnitude of an outflow of economic benefits in relation to the warranty and product recall provisions;

Note 5.8 – Leases – lease terms and whether Cochlear is reasonably certain to exercise extension options; and

Note 6.4 – Financial risk management – measurement of expected credit loss allowance for trade receivables; measurement of the fair value of financial instruments.

(f) Basis of consolidation

Controlled entities

Cochlear controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST. Where the amount of GST incurred is not recoverable from the taxation authority, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the relevant taxation authority is included as a current asset or liability in the Balance sheet.

Cash flows are included in the Statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant taxation authority are classified as operating cash flows.

(h) Comparability

Comparative information is reclassified where appropriate to enhance comparability or to comply with new or revised accounting standards.

2. Performance for the year

2.1 Operating segments

Cochlear's three reportable segments, determined on a geographical basis, are the strategic business units of Cochlear. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate and other net expenses and corporate and manufacturing assets and liabilities.

Performance is measured based on segment earnings before interest and income tax (EBIT) as included in the internal management reports that are reviewed by Cochlear's Chief Executive Officer and President, who is also the chief operating decision maker.

Information about reportable segments

	Americas	EMEA ¹	Asia Pacific	Corporate and other	Total
	\$m	\$m	\$m	\$m	\$m
Profit or loss					
2025					
Revenue	1,137.3	789.7	428.8	(12.7) ²	2,343.1
EBIT	595.9	347.2	130.8	(556.1)	517.8
Net finance income					0.7
Profit before income tax					518.5
Depreciation and amortisation	11.7	8.8	5.6	64.3	90.4
Write-down in value of inventories	0.8	0.3	0.5	8.0	9.6
Equity accounted losses	–	–	–	0.9	0.9
2024					
Revenue	1,140.7	745.6	371.9	(22.6) ²	2,235.6
EBIT	642.4	349.7	102.2	(619.3)	475.0
Net finance expense					9.8
Profit before income tax					484.8
Depreciation and amortisation	11.7	8.5	5.7	59.0	84.9
Write-down in value of inventories	1.2	3.5	4.2	13.1	22.0
Equity accounted losses	–	–	–	0.6	0.6

¹ Europe, Middle East and Africa.

² Foreign exchange (loss)/gain on hedged sales



	Americas	EMEA	Asia Pacific	Corporate and other	Total
Assets and liabilities	\$m	\$m	\$m	\$m	\$m
2025					
Assets	386.4	590.6	249.6	1,598.4	2,825.0
Liabilities	184.1	150.2	98.6	441.8	874.7
Acquisition of non-current assets	3.7	6.5	9.3	99.7	119.2
2024					
Assets	396.5	431.4	222.2	1,695.0	2,745.1
Liabilities	195.3	127.5	83.8	498.0	904.6
Acquisition of non-current assets	5.9	19.4	3.0	81.1	109.4

Cochlear Limited is domiciled in Australia and earns less than 5% of its sales revenue from external customers in Australia. Cochlear Limited has \$481.9 million (2024: \$439.6 million) of non-current assets (excluding financial instruments and deferred tax) in Australia, including Australian based manufacturing facilities.

2.2 Revenue

Revenue from the sale of cochlear and acoustic implants and associated sound processors and accessories to customers is based on the contracted sales price. Revenue is recognised at the point in time when control passes to the customer with the exact timing dependent on the agreed sales terms for each contract. Revenue from product sales is also deferred based on the historical rates of product returns.

Revenues from the rendering of services, including ongoing customer support and software licensing, are recognised over time as the services are provided to customers. Where payments are received in advance, the agreed transaction price is initially deferred and progressively recognised over the life of the agreement as the service is provided. The value of unfulfilled performance obligations under these contracts is reflected in the Cochlear’s deferred revenue balance.

Customers include implant recipients, medical practitioners and governments. Contracts are short-term with the exception of software licences which are recognised over multiple years. The accounting policy for foreign exchange gains/losses arising from hedges of forecast sales transactions is set out in Note 6.4(a).

The following table disaggregates revenue by product type:

Revenues	2025 \$m	2024 \$m
Cochlear implants	1,470.2	1,329.6
Services (sound processor upgrades and other)	609.2	672.3
Total cochlear implants	2,079.4	2,001.9
Acoustics	276.4	256.3
Sales revenue	2,355.8	2,258.2
Foreign exchange loss on hedged sales	(12.7)	(22.6)
Revenue	2,343.1	2,235.6

The following table disaggregates revenue by sales type:

	2025 \$m	2024 \$m
Sale of goods before hedging	2,314.7	2,222.7
Foreign exchange loss on hedged sales	(12.7)	(22.6)
Revenue from sale of goods	2,302.0	2,200.1
Rendering of services	41.1	35.5
Total revenue	2,343.1	2,235.6



2.3 Expenses

	Note	2025 \$m	2024 \$m
(a) Cost of sales			
Carrying amount of inventories recognised as an expense		598.9	532.5
Write-down in value of inventories		9.6	22.0
Other		6.7	7.6
Total cost of sales		615.2	562.1
(b) Other expenses			
Integration costs		–	28.2
Net foreign exchange loss		1.6	4.8
Fair value change in investments through profit or loss	5.5	2.6	1.3
Total other expenses		4.2	34.3

Foreign exchange losses are recognised in accordance with the accounting policy at Note 1.2(d).

2.4 Other income

Other income, including government grants, is recognised on a systematic basis over the years necessary to match it with the related costs for which it is intended to compensate. If the costs have already been incurred, the amount is recognised in the year the entitlement is confirmed.

	Note	2025 \$m	2024 \$m
Grant received or due and receivable		10.3	2.0
Gain on business combination	5.4	–	0.3
Other income		16.1	8.7
Total other income		26.4	11.0

2.5 Earnings per share

Cochlear presents basic and diluted earnings per share (EPS) for its ordinary shares.

Basic earnings per share

The calculation of basic EPS has been based on the following net profit attributable to equity holders of the parent entity and weighted average number of ordinary shares of the Company:

	2025	2024
Net profit attributable to equity holders of the parent entity	\$388,924,000	\$356,847,000
Weighted average number of ordinary shares (basic):		
Issued ordinary shares at 1 July (number)	65,494,161	65,671,649
Effect of options, performance shares and performance rights exercised (number)	1,001	1,051
Effect of shares issued under Employee Share Plan (number)	292	337
Effect of shares cancelled from share buy-back (number)	(57,355)	(136,329)
Weighted average number of ordinary shares (basic) at 30 June	65,438,099	65,536,708
Basic earnings per share (cents)	594.3	544.5

Diluted earnings per share

The calculation of diluted EPS has been based on the following net profit attributable to equity holders of the parent entity and weighted average number of shares outstanding after adjustments for the effects of all dilutive potential ordinary shares:

	2025	2024
Net profit attributable to equity holders of the parent entity	\$388,924,000	\$356,847,000
Weighted average number of ordinary shares (diluted):		
Weighted average number of shares (basic) (number)	65,438,099	65,536,708
Effect of options, performance shares and performance rights unvested (number)	168,125	183,941
Weighted average number of ordinary shares (diluted) at 30 June	65,606,224	65,720,649
Diluted earnings per share (cents)	592.8	543.0

At 30 June 2025, 113,170 options (2024: 58,805) were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been antidilutive.



2.6 Dividends

A liability for dividends payable is recognised in the financial year in which the dividends are declared.

	Dollars per share	Total amount \$m	Franked	Date of payment
Dividends recognised in the current financial year by the Company are:				
2025				
Interim 2025 ordinary	2.15	140.7	80% Franked	14 April 2025
Final 2024 ordinary	2.10	137.5	80% Franked	10 October 2024
Total amount	4.25	278.2		
2024				
Interim 2024 ordinary	2.00	131.0	70% Franked	15 April 2024
Final 2023 ordinary	1.75	114.7	70% Franked	11 October 2023
Total amount	3.75	245.7		

	Dollars per share	Total amount \$m	Franked	Date of payment
Subsequent event				
Since the end of the financial year, the directors declared the following dividend:				
Final 2025 ordinary	2.15	140.6	85% Franked	13 October 2025
Total amount	2.15	140.6		

The financial effect of the 2025 final dividend will be recognised in the subsequent financial year as it was declared after 30 June 2025.

Dividend franking account

	2025	2024
	\$m	\$m
Total franking account balance at 30%	36.4	11.7

The above amount represents the balance of the franking account as at 30 June, after taking into account adjustments for:

- franking credits that will arise from the payment of income tax payable for the current year;
- franking credits that will arise from the receipt of dividends recognised as receivables at the year end; and
- franking credits that the Company may be prevented from distributing in subsequent financial years.

The ability to utilise the franking account credits is dependent upon the ability to declare dividends.

2.7 Notes to the statement of cash flows

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of Cochlear's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of cash flows. The operating cash account received an average interest rate of 3.1% (2024: 3.90%) per annum.

**(b) Reconciliation of net profit to net cash provided by operating activities**

	2025	2024
	\$m	\$m
Net profit	388.9	356.8
Add item classified as investing activities:		
(Gain)/Loss on disposal of property, plant and equipment	(0.1)	0.5
Add/(less) non-cash items:		
Depreciation and amortisation	90.4	84.9
Gain on business combination	–	(0.3)
Fair value change in investments measured at fair value through profit or loss	2.6	1.3
Equity settled share-based payment transactions	22.1	19.6
Share of losses on equity-accounted investments	0.9	0.6
Net cash provided by operating activities before changes in assets and liabilities	504.8	463.4
Changes in assets and liabilities:		
Change in trade and other receivables	(101.7)	(53.6)
Change in inventories	(107.8)	(80.1)
Change in prepayments	0.1	(3.9)
Change in deferred tax assets/liabilities	(38.6)	(12.8)
Change in trade and other payables	(4.8)	32.8
Change in current tax assets/liabilities	8.3	8.8
Change in employee benefit liabilities	(33.2)	2.2
Change in provisions	(10.1)	21.3
Change in deferred revenue	8.6	3.9
Effect of movements in foreign exchange	12.0	6.8
Net cash provided by operating activities	237.6	388.8

3. Income taxes

The Company and its wholly-owned Australian resident entities are part of a tax consolidated group. As a consequence, all members of the tax consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Cochlear Limited.

3.1 Income tax expense

Income tax expense includes current and deferred tax. Current and deferred tax is recognised in the Income statement except to the extent that it relates to items recognised directly in other comprehensive income or equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Income tax expense recognised in the Income statement

	2025	2024
	\$m	\$m
Current income tax expense		
Current year	166.6	142.8
Adjustment for prior years	7.9	(0.4)
Total current income tax expense	174.5	142.4
Deferred income tax expense		
Origination and reversal of temporary differences	(38.6)	(13.7)
Net utilisation of tax losses	–	0.9
Current year deferred income tax expense	(38.6)	(12.8)
Adjustment for prior years	(6.3)	(1.6)
Total deferred income tax expense	(44.9)	(14.4)
Total income tax expense recognised in the Income statement	129.6	128.0



Consolidated Entity – Numerical reconciliation between profit before income tax and income tax expense

	2025 \$m	2024 \$m
Profit before income tax	518.5	484.8
Tax at the Australian tax rate of 30% (2024: 30%)	155.5	145.4
(Less)/add adjustments for:		
Research and development allowances	(23.1)	(21.9)
Net non-deductible items	(0.4)	4.8
Effect of tax rates in foreign jurisdictions	(4.0)	(5.4)
	128.0	122.9
Integration costs	–	7.1
Other adjustment for prior years	1.6	(2.0)
Income tax expense on profit before income tax	129.6	128.0

Income tax recognised in Statement of changes in equity

	Note	2025 \$m	2024 \$m
Income tax on:			
Fair value losses on investments	3.3	(0.1)	(0.4)
Cash flow hedges	3.3	(2.7)	7.3
Share-based payments		10.5	(6.9)
Total income tax recognised in Statement of changes in equity		7.7	–

Consolidated Entity – Numerical reconciliation between income tax expense and cash taxes paid

	2025 \$m	2024 \$m
Income tax expense on profit before income tax	129.6	128.0
Timing differences recognised in deferred tax	38.6	13.7
Net utilisation of tax losses recognised in deferred tax	–	(0.9)
Current year tax instalments payable next year	(21.7)	(9.4)
Prior year tax instalments paid this year	9.5	0.1
Cash taxes paid per statement of cash flows	156.0	131.5

Cochlear Limited’s Australian tax consolidated group – Numerical reconciliation between profit before income tax and income tax expense

	2025 \$m	2024 \$m
Profit before income tax (excluding dividends from wholly-owned foreign subsidiaries)	423.7	355.5
Add: Dividends from wholly-owned foreign subsidiaries	54.0	87.3
Profit before income tax	477.7	442.8
Tax at the Australian tax rate of 30% (2024: 30%)	143.3	132.8
(Less)/add adjustments for:		
Research and development allowances	(21.6)	(20.2)
Net non-deductible items	(5.3)	4.2
Controlled foreign company income	6.0	1.5
Exempt foreign sourced dividends from wholly-owned subsidiaries	(16.2)	(26.2)
	106.2	92.1
Integration costs	–	1.1
Adjustment for prior years	2.2	0.3
Income tax expense on profit before income tax	108.4	93.5



3.2 Current tax assets and liabilities

The current tax assets for Cochlear of \$11.8 million (2024: \$11.3 million) represent the amount of income taxes recoverable in respect of current and prior years and arise from the payment of tax in excess of the amounts due to the relevant taxation authority. The current tax liabilities for the Cochlear of \$26.4 million (2024: \$17.6 million) represent the amount of income taxes payable in respect of current and prior financial years.

3.3 Deferred tax assets and liabilities

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities for financial reporting and taxation purposes.

The measurement of deferred tax mirrors the tax consequences that the Consolidated Entity expects to recover or settle from the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse. The measurement of deferred tax mirrors the tax consequences that the Consolidated Entity expects to recover or settle from the carrying amount of its assets and liabilities at each reporting date and are reduced if it is no longer probable that the related tax benefit will be realised.

Global Anti-Base Erosion Model Rules (Pillar Two)

The Australian government, and several of the countries in which Cochlear operates, have adopted the Global Anti-Base Erosion Model Rules (Pillar Two) (GloBE Rules) with legislation that implements the framework of the rules including a global and domestic minimum tax. The rules apply to Cochlear from 1 July 2024.

Cochlear has performed an assessment of its potential exposure to Pillar Two income taxes and has determined that there is no material impact on current tax expense for the year ended 30 June 2025.

Cochlear has applied the mandatory temporary exception to recognising and disclosing information about deferred tax assets and liabilities related to the GloBE Rules under AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules.



Movement in deferred tax balances

	Opening balance	Recognised in the Income statement	Recognised in other comprehensive income	Recognised in equity	Closing balance	Deferred tax assets	Deferred tax liabilities
2025							
Property, plant and equipment	3.6	1.1	–	–	4.7	6.1	(1.4)
Intangible assets	(9.9)	1.5	–	–	(8.4)	3.0	(11.4)
Inventories	52.1	17.7	–	–	69.8	69.8	–
Provisions	41.8	12.3	–	–	54.1	54.1	–
Deferred revenue	9.8	–	–	–	9.8	9.8	–
Forward exchange contracts	(0.7)	–	2.7	–	2.0	2.0	–
Tax losses and offsets carried forward	1.4	–	–	–	1.4	1.4	–
Other	21.7	6.0	0.1	(10.5)	17.3	31.4	(14.1)
Deferred tax assets/(liabilities) before set-off	119.8	38.6	2.8	(10.5)	150.7	177.6	(26.9)
Set-off of tax						(8.9)	8.9
Net tax assets/(liabilities)						168.7	(18.0)

	Opening balance	Recognised in the Income statement	Recognised in other comprehensive income	Recognised in equity	Closing balance	Deferred tax assets	Deferred tax liabilities
2024							
Property, plant and equipment	2.8	0.8	–	–	3.6	5.8	(2.2)
Intangible assets	(10.9)	1.0	–	–	(9.9)	2.6	(12.5)
Inventories	49.4	2.7	–	–	52.1	52.1	–
Provisions	36.6	5.2	–	–	41.8	41.8	–
Deferred revenue	7.6	2.2	–	–	9.8	9.8	–
Forward exchange contracts	6.6	–	(7.3)	–	(0.7)	–	(0.7)
Tax losses and offsets carried forward	2.3	(0.9)	–	–	1.4	1.4	–
Other	12.6	1.8	0.4	6.9	21.7	36.7	(15.0)
Deferred tax assets/(liabilities) before set-off	107.0	12.8	(6.9)	6.9	119.8	150.2	(30.4)
Set-off of tax						(11.5)	11.5
Net tax assets/(liabilities)						138.7	(18.9)



4. Employee benefits

4.1 Employee expenses

	2025	2024
	\$m	\$m
Salaries and wages	722.1	698.9
Contributions to superannuation plans	58.9	50.9
Increase in leave liabilities	8.6	6.7
Equity settled share-based payment transactions	22.1	19.6
Total employee expenses	811.7	776.1

4.2 Employee benefit liabilities

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave are recognised in other payables and provisions if Cochlear has a present obligation to pay an amount as a result of past services provided by the employee. The liability is calculated on remuneration rates as at the reporting date including related on-costs, such as workers' compensation insurance and payroll tax.

Long service leave

The provision for long service leave is the present value of the estimated future cash outflows as a result of services provided by the employee up to the reporting date.

The provision is calculated using expected future increases in remuneration rates, including related on-costs, and expected settlement dates based on turnover history, and is discounted using the corporate bond rates which most closely match the terms to maturity of the related liabilities.

Defined benefit plans

Cochlear has defined benefit plans that cover, in aggregate, 156 employees in 3 countries (2024: 169 employees in 3 countries). Cochlear contributed cash of \$2.1 million (2024: \$2.0 million) to defined benefit plans in the year ended 30 June 2025 and expects to contribute \$2.3 million in the year ending 30 June 2026.

The defined benefit obligations are calculated annually by a qualified actuary using the projected unit credit method. Remeasurements of the net defined benefit liability (excluding interest) are recognised immediately in other comprehensive income.

The Company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the opening net defined benefit liability/(asset), adjusted for any changes in the net defined benefit liability/(asset) during the period resulting from contributions and benefit payments. Net interest expense related to defined benefit plans is recognised in the Income statement.

	2025	2024
	\$m	\$m
Current		
Provision for long service leave	20.0	18.9
Provision for annual leave	53.7	47.7
Provision for short-term incentives and sales commissions	39.7	83.9
Total current employee benefit liabilities	113.4	150.5
Non-current		
Provision for long service leave	8.0	6.5
Defined benefit plan	3.7	1.3
Total non-current employee benefit liabilities	11.7	7.8
Total employee benefit liabilities	125.1	158.3



4.3 Share-based payments

The Company grants options and rights to certain Cochlear employees under its employee equity incentive plans. The value of options and rights granted is recognised as an employee expense, with a corresponding increase in equity. The expense is adjusted by the actual number of options and rights that are expected to vest except where forfeiture is due to market-related conditions.

Grants which include a performance condition linked to total shareholder return (TSR) are valued using the Monte Carlo simulation model, and all other grants valued using the Black-Scholes-Merton pricing model. The valuation uses the date the options or rights are granted, and take into account market-based criteria and terms and conditions attached to the grant. The options or performance rights are expensed over the vesting period after which the employees become unconditionally entitled to them.

When the Company grants options over its shares to employees of controlled entities, the fair value at grant date is recognised as an increase in the investment in subsidiaries, with a corresponding increase in the Company's equity over the vesting period of the grant.

At 30 June 2025, unissued ordinary shares of the Company under option and rights and terms and conditions of the grants and issues are as follows:

Grant date	Exercise price of options	Number of options	Number of rights	Contractual life
October 2021 ¹	\$232.52	69,135	16,929	5 years
October 2022 ¹	\$216.33	67,487	21,357	7 years
September 2023 ²	N/A	–	40,633	2 years
September 2023 ³	N/A	–	5,897	2 years
October 2023 ¹	\$257.69	58,805	20,606	7-15 years
September 2024 ²	N/A	–	32,930	2 years
September 2024 ³	N/A	–	29,383	1-3 years
November 2024 ¹	\$306.20	54,365	17,420	7-15 years
January 2025 ⁴	N/A	–	5,991	2 years
Total		249,792	191,146	

¹ Options and performance rights offered under the Cochlear Equity Incentive Plan.

² Performance rights offered under the Cochlear Equity Incentive Plan.

³ Services rights offered under the Cochlear Equity Incentive Plan.

⁴ Matching rights (services rights) offered under the ShareWave Employee Share Purchase Plan.

The number, and weighted average exercise prices of, options are as follows:

	Weighted average exercise price 2025	Number of options 2025	Weighted average exercise price 2024	Number of options 2024
Outstanding at 1 July	228.28	250,158	\$218.82	243,155
Forfeited	206.06	(7,491)	\$217.28	(38,279)
Exercised	228.28	(47,240)	\$218.82	(13,523)
Granted	306.20	54,365	\$257.69	58,805
Outstanding at 30 June	250.11	249,792	\$228.28	250,158
Exercisable at 30 June	232.52	69,135	\$206.06	54,731

in 2025, 47,240 options were exercised (2024: 13,523). The weighted average market share price on the Australian Securities Exchange (ASX) at date of exercise was \$291.99 (2024: \$279.20). The weighted average remaining contractual life of options outstanding at the end of the year is three years (2024: three years).

Cochlear Equity Incentive Plan

Under the Cochlear Equity Incentive Plan (CEIP), eligible employees receive Long Term Incentive (LTI) in the form of options and performance rights and Long-Term Equity (LTE), Deferred Short-Term Incentive (Deferred STI) and Special Award in the form of service rights. For LTE, Deferred STI and Special Award grants, the number of service rights is calculated at the end of each year. LTE has a vesting period of up to 3 years and Deferred STI and Special Award up to 2 years.

Grants under the LTI are in two equal tranches assigned to compound annual growth rate (CAGR) in EPS and ranking of TSR against the ASX 100 index. The conditions for minimum vesting are four years of service and:

- 50% weighting on CAGR in EPS with a minimum CAGR of 7.5% assigned to 50% of grant; or
- 50% weighting on relative TSR over four years against the ASX 100 with a minimum TSR at the 50th percentile assigned to 40% of grant.

ShareWave Employee Share Purchase Plan

ShareWave is Cochlear's employee share purchase plan where eligible participants can become a Cochlear Limited shareholder by purchasing shares at the current market value through after-tax salary deductions. The Company provides a matching benefit at no extra cost to eligible participants at the end of the contribution period, subject to service conditions and the participant retaining the purchased shares up to the vesting date of the matching benefit. A maximum value applies to the matching benefit depending on the eligibility of the participant. During 2025 financial year, 8,264 shares were purchased on market to satisfy service rights that vested under the ShareWave Employee Share Purchase Plan.



The grant date fair value of grants made with TSR-based conditions are measured using the Monte Carlo simulation model and all other grants measured based on the Black-Scholes-Merton pricing model. Gross contract value is discounted for dividends not paid, share price volatility and the risk-free rate of return. There is no discount for the likelihood of service or performance conditions. The model uses Cochlear’s five-day volume-weighted average price following the announcement of full year results in August each year. The inputs used in the measurement of the fair values at the grant date are the following:

	18 September 2023		18 October 2023		23 September 2024		13 November 2024	
	Deferred STI service-based conditions	Rights service-based conditions	TSR-based conditions	EPS performance-based conditions	Deferred STI service-based conditions	Rights service-based conditions	TSR-based conditions	EPS performance-based conditions
Fair value of options at grant date	N/A	N/A	\$81.44	\$90.32	N/A	N/A	\$73.92	\$98.14
Fair value of performance rights at grant date	\$260.25	\$260.25	\$182.37	\$254.45	\$296.63	\$293.01 - \$300.33	\$146.23	\$289.43
Share price at valuation date	\$266.15	\$266.15	\$266.15	\$266.15	\$304.00	\$304.00	\$304.00	\$304.00
Option exercise price	n/a	n/a	\$257.69	\$257.69	n/a	n/a	\$306.20	\$306.20
Expected volatility ¹	26.03%	26.03%	30.14%	30.14%	25.35%	23.35% - 23.84%	30.48%	30.48%
Option/right life (years)	2	2	4 - 7	4 - 7	2	1-3	4 - 7	4 - 7
Expected dividend yield	1.13%	1.13%	1.13%	1.13%	1.23%	1.23%	1.23%	1.23%
Risk free interest rate ²	3.91%	3.91%	3.91%	3.91%	3.73%	3.75% - 4.04%	3.86%	3.86%

¹ Measure captures the characteristics of fluctuations in the share price.

² Based on government bonds.



4.4 Key management personnel

The following were key management personnel (KMP) of Cochlear at any time during the financial year and unless otherwise indicated were KMP for the entire financial year:

Non-executive Directors

A Deans (Chair), G Boreham, AM, C Clarke¹, Sir M Daniell, KNZM, M del Prado, C McLoughlin, AM, K Penrose and Prof B Robinson, AC.

Executive KMP

D Howitt, J Janssen and S Thom²

Former Executive KMP

S Sayers³

¹ Appointed to the Board 2 September 2024.

² Appointed to the role of Senior Vice President Group Finance on 1 November 2024.

Subsequently appointed to the Chief Financial Officer role and became a member of the executive KMP with effect from 1 January 2025.

³ Moved to a senior leadership non-KMP role (Region President APAC), with effect from 1 January 2025.

Key management personnel disclosures

The KMP compensation is included in employee expenses as follows:

	Short-term employee \$	Post- employment \$	Other long-term benefits \$	Share-based payments \$	Total \$
2025	6,662,218	258,777	12,193	3,885,922	10,819,110
2024	9,122,557	245,868	(66,862)	4,915,080	14,216,643

Information regarding individual KMP remuneration and some equity instruments disclosures as permitted by section 300A of the *Corporations Act 2001* is provided in the Remuneration report of this Annual Report on pages 102 to 122.

The KMP have not received any loans from Cochlear and there have been no other related party transactions with any of Cochlear's KMP.

5. Operating assets and liabilities

5.1 Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is based on the first-in-first-out principle including expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling, marketing and distribution expenses.

	Raw materials \$m	Work in progress \$m	Finished goods \$m	Total inventories \$m
2025	271.7	53.4	174.3	499.4
2024	198.1	46.3	147.2	391.6

5.2 Property, plant and equipment

Owned assets

The value of property, plant and equipment is measured as the cost of the asset, minus accumulated depreciation and impairment losses (see Note 5.3). The cost of the asset is the consideration provided plus incidental costs directly attributable to the acquisition.

The value of internally-constructed assets includes the cost of material and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Subsequent costs in relation to replacing a part of property, plant and equipment are capitalised in the carrying amount of the item if it is probable that future economic benefits will flow to Cochlear and its cost can be measured reliably. All other costs are recognised in the Income statement as incurred.

Depreciation

Depreciation is calculated to expense the cost of items of property, plant and equipment less their estimated residual values on a straight-line basis over their estimated useful lives. The estimated useful lives in the current and comparative years are as follows: leasehold improvements between 1 to 15 years, plant and equipment between 3 to 14 years and buildings between 10 to 30 years.

Depreciation is recognised in the Income statement from the date of acquisition or, in respect of internally-constructed assets, from the time an asset is completed and held ready for use. Depreciation expense is recognised in cost of sales, selling, marketing and general expenses,



research and development expenses and administration expenses in the Income statement depending on the function of associated activities.

Depreciation rates and methods, useful lives and residual values are reviewed at each Balance sheet date. When changes are made, adjustments are reflected prospectively in current and future financial years only.

	Leasehold improvements		Plant and equipment		Land and buildings		Total	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m	2025 \$m	2024 \$m	2025 \$m	2024 \$m
At cost	95.7	84.4	452.1	441.2	75.1	73.8	622.9	599.4
Accumulated depreciation	(55.9)	(51.1)	(228.4)	(238.8)	(5.9)	(4.7)	(290.2)	(294.6)
Net book value	39.8	33.3	223.7	202.4	69.2	69.1	332.7	304.8

Reconciliations of the carrying amounts are:

Opening balance	33.3	32.9	202.4	173.5	69.1	70.3	304.8	276.7
Additions	13.0	7.3	50.3	57.5	0.1	–	63.4	64.8
Addition through business combination	–	–	–	0.6	–	–	–	0.6
Disposals	(0.1)	–	(1.5)	(0.5)	–	–	(1.6)	(0.5)
Depreciation	(7.3)	(6.8)	(31.7)	(27.4)	(1.1)	(1.1)	(40.1)	(35.3)
Effect of movements in foreign exchange	0.9	(0.1)	4.2	(1.3)	1.1	(0.1)	6.2	(1.5)
Net book value	39.8	33.3	223.7	202.4	69.2	69.1	332.7	304.8

5.3 Intangible assets

Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is tested annually for impairment.

IT systems

IT systems are recognised as an intangible asset where Cochlear controls future economic benefits as a result of the costs incurred and are stated at cost less accumulated amortisation. Costs include expenditure directly related to the development and implementation (hardware and software costs) of IT systems including direct labour.

Other intangible assets

Other intangible assets, comprising acquired technology, patents and licences, customer relationships, capitalised development expenditure and intellectual property, are acquired individually or through business combinations and are stated at cost less accumulated amortisation and impairment losses (see below).

Amortisation

Amortisation is calculated to expense the cost of intangible assets less their estimated residual values on a straight-line basis over their estimated useful lives. The estimated useful lives for the current and comparative years are as follows: IT systems between 2 to 7 years, acquired technology, patents and licences between 4 to 15 years, customer relationships up to 31 years and capitalised development expenditure between 4 to 10 years.

Amortisation is recognised in the Income statement from the date the assets are available for use unless their lives are indefinite. Amortisation expense is recognised in cost of sales, selling, marketing and general expenses, research and development expenses and administration expenses in the Income statement depending on the function of associated activities.

Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment annually.



	Intangible assets with indefinite useful life		Intangible assets with finite useful life		Intangible assets
	Goodwill	IT systems	Acquired technology, patents and licences	Other intangible assets	Total
	\$m	\$m	\$m	\$m	\$m
2025					
At cost	278.6	175.1	228.4	60.7	742.8
Accumulated amortisation and impairment losses	–	(99.4)	(103.2)	(39.4)	(242.0)
Net book value	278.6	75.7	125.2	21.3	500.8
<i>Reconciliations of the carrying amounts are:</i>					
Opening balance	257.7	55.2	116.1	22.0	451.0
Additions	–	24.0	15.4	1.7	41.1
Amortisation	–	(3.6)	(8.2)	(2.5)	(14.3)
Effect of movements in foreign exchange	20.9	0.1	1.9	0.1	23.0
Net book value	278.6	75.7	125.2	21.3	500.8
2024					
At cost	257.7	151.0	210.3	58.6	677.6
Accumulated amortisation and impairment losses	–	(95.8)	(94.2)	(36.6)	(226.6)
Net book value	257.7	55.2	116.1	22.0	451.0
<i>Reconciliations of the carrying amounts are:</i>					
Opening balance	256.1	46.6	120.0	21.4	444.1
Additions	–	15.6	3.3	3.0	21.9
Disposal	–	(0.1)	–	(0.3)	(0.4)
Amortisation	–	(7.0)	(7.4)	(2.1)	(16.5)
Effect of movements in foreign exchange	1.6	0.1	0.2	–	1.9
Net book value	257.7	55.2	116.1	22.0	451.0

Impairment

Cochlear annually tests goodwill and other intangible assets with indefinite useful life for impairment. Other non-financial assets, other than inventories (see Note 5.1) and deferred tax assets (see Note 3.3), are tested if there is any indication of impairment or if there is any indication that an impairment loss recognised in a prior period may no longer exist or may have decreased.

Assets are impaired if their carrying value exceeds their recoverable amount. The asset's recoverable amount is the higher of its value in use and its fair value less costs of disposal.

An asset that does not generate independent cash flows and its individual value in use cannot be estimated is tested for impairment as part of a cash-generating unit (CGU).

An impairment loss is recognised in the Income statement when the carrying amount of an asset or CGU exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Impairment tests for CGUs

Cochlear allocates goodwill and other intangible assets to CGUs based on the expected benefits that each CGU will receive from use of those assets.

The aggregate carrying amounts of goodwill allocated to each group of CGUs are:

	Americas	EMEA	Asia Pacific	Total
	\$m	\$m	\$m	\$m
2025	188.6	79.5	10.5	278.6
2024	177.7	70.5	9.5	257.7

The recoverable amount of each CGU is based on value-in-use calculations. Sensitivity analysis has been undertaken to stress test cash flow forecasts, discount rates and terminal value growth rate assumptions. Based on the range and depth of sensitivities applied no reasonable change in assumptions would result in an impairment.

Those calculations use five-year cash flow projections based on actual operating results and an EBIT growth rate, considered modest compared to historical growth rates in the CGUs.

Revenue is based on near-term forecasts and Cochlear's expectation of medium and long-term growth rates. Cost of sales, R&D investment and net margin are based on long-term expectations. Year 1 cash flows are based on Cochlear's budget for the year ending 30 June 2026, which is aligned with Cochlear's outlook statement.



Cash flows for year six onwards are extrapolated using a terminal growth rate of 3.0% (2024: 3.0%) per annum which is consistent with long-term growth rates. The pre-tax discount rate for each CGU is as follows: Americas 9.4% (2024: 8.8%), EMEA 9.3% (2024: 8.7%) and Asia Pacific 9.6% (2024: 9.1%).

The key assumptions and the approach to determining their value in the current year are:

Assumption	Approach
Discount rate	Based on weighted average cost of capital reflecting current market assessments of the time value of money and risks specific to the CGU.
EBIT growth rate	Based on a five-year cash flow projection taking into account historical growth rates and product lifecycle.
Terminal value growth rate	Based on long-term growth rates.

The recoverable amount of each CGU including allocated corporate assets is in excess of the carrying amount and therefore no impairment expense was recognised. The above represents the best estimate of the directors.

5.4 Business combination

On 21 May 2024, Cochlear acquired Demant's cochlear implant business by purchasing 100% of the shares in Neurelec S.A.S and Oticon Medical Maroc from Demant A/S, a Danish company. The provisional acquisition accounting period ended on 21 May 2025 and the acquisition accounting has been finalised with no material adjustments to the provisional fair value amounts reported at 30 June 2024.

5.5 Investments, equity-accounted investments and other financial assets

Cochlear has a number of strategic investments that may, over the longer-term, enhance or leverage Cochlear's intellectual property. These include investments in Nyxoah S.A., Saluda Medical, EpiMinder, and Precisis. As these investments are held for strategic purposes, Cochlear elects to fair value these investments through other comprehensive income, when possible, in accordance with accounting standards.

Cochlear's investments are valued individually using quoted prices or unobservable market inputs. Unobservable inputs are those not readily available in an active market. These inputs are generally derived from other observable inputs that match the risk profile of the financial instruments and validated against current market assumptions and historical transactions where available.

Investments measured at fair value through other comprehensive income are ordinary shares. Investments measured at fair value through profit or loss are interests in entities that do not meet the definition of equity, such as instruments convertible into ordinary shares.

	Investments	Other financial assets	Equity- accounted investments
	\$m	\$m	\$m
Balance at 1 July 2024	80.5	97.9	2.9
Additions	–	12.6	–
Fair value loss through profit or loss	(2.6)	–	–
Fair value through other comprehensive income (before tax)	(1.0)	–	–
Share of losses on equity-accounted investments	–	–	(0.9)
Balance at 30 June 2025	76.9	110.5	2.0

At 30 June 2025, \$120.8 million (2024: \$110.9 million) of Investments and Other financial assets are measured at fair value through profit or loss. The remaining \$66.6 million (2024: \$67.5 million) is measured at fair value through other comprehensive income and includes Nyxoah \$64.9 million (2024: \$59.1 million).



Valuation of Level 3 investments and other financial assets

Cochlear's strategic investments in Saluda Medical, EpiMinder and Precisis are classified as Level 3 financial instruments. Level 3 financial instruments in the fair value hierarchy uses unobservable inputs when measuring fair value (refer to section 6.4 for further details).

At 30 June 2025, Saluda Medical, Precisis and EpiMinder were valued using a Market comparison technique. For these investments, the fair values are based on the latest market price per latest fundraising values and using the price per share from the latest financing round which are considered unobservable inputs. The estimated fair value would increase (decrease) if the prices per the latest financing round were higher (lower).

The following table summarises the movement in Level 3 investments during the period:

	Investments	Other financial assets
	\$m	\$m
Balance at 1 July 2024	20.8	97.9
Additions	–	12.6
Fair value loss through profit or loss	(2.6)	–
Fair value through other comprehensive income (before tax)	(6.5)	–
Balance at 30 June 2025	11.7	110.5

At 30 June 2025, \$120.8 million (2024: \$110.9 million) of Level 3 investments and Other financial assets are measured at fair value through profit or loss and \$1.4 million (2024: \$7.8 million) measured at fair value through other comprehensive income.

A 10% increase/(decrease) in the fair value of Level 3 valuations would have a fair value gain/(loss) of \$12.1 million through profit or loss and \$0.1 million through other comprehensive income.

5.6 Provisions

A provision is recognised in the Balance sheet when:

- Cochlear has a present obligation (legal or constructive) as a result of a past event;
- a reliable estimate can be made of the amount of the obligation; and
- it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

2025	Warranties	Restructuring	Legal and insurance	Product recall	Make good lease costs	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Opening balance	42.4	18.2	7.9	6.4	3.8	78.7
Provision made	31.9	–	0.5	–	0.5	32.9
Provision used	(27.3)	(12.9)	(5.2)	–	–	(45.4)
Effect of movements in foreign exchange	1.0	1.2	–	–	0.2	2.4
Total provisions	48.0	6.5	3.2	6.4	4.5	68.6
Represented by:						
Current	19.4	6.5	2.8	0.3	–	29.0
Non-current	28.6	–	0.4	6.1	4.5	39.6
Total provisions	48.0	6.5	3.2	6.4	4.5	68.6

Warranties

A provision for warranty claims is recognised in relation to sales made prior to the reporting date, based on historical claim rates and respective product populations. Warranty periods on hardware products extend from 2 to 10 years.

Restructuring

The restructuring provision relates to redundancy payments required to be paid in relation to the business combination described in Note 5.4. The restructure commenced prior to closing of the acquisition and allowed the cochlear implant business to be separated from the business that was retained by the seller. The remaining restructuring provision is expected to be fully utilised over the next 12 months.



Legal and insurance

Cochlear is involved in litigation in the ordinary course of business, including claims made by Cochlear and against Cochlear for patent infringement. Where Cochlear has a present obligation and can reliably estimate future costs related to these proceedings, including legal fees, a provision is recognised.

Cochlear self-insures certain risks associated with operating in its line of business. Claims are recognised when an incident occurs that may give rise to a claim. They are measured at the cost that Cochlear expects to incur in defending or settling the claims, discounted using a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Product recall

On 11 September 2011, the Company initiated a worldwide voluntary recall of its unimplanted Nucleus CI500 cochlear implant range. Management has made judgements, estimates and assumptions related to probable costs arising from the recall which affect the reported amounts of assets, liabilities, income and expenses. Actual outcomes may differ from these estimates as further information is identified.

No additional provisions have been made or released to the Income statement for the year ended 30 June 2025.

Make good lease costs

Cochlear has several operating leases over its offices that require the premises to be returned to the lessor in their original condition. The lease payments do not include an element for the repairs and overhauls.

5.7 Contingent liabilities

Contingent liabilities are disclosed where a provision is not recognised due to the uncertainty regarding the outcome of future events and/or inability to reliably measure such liabilities. The details of contingent liabilities are set out below. The directors are of the opinion that provisions are either adequate or are not required in respect of these matters, as it is either not probable that a future sacrifice of economic benefits will be required, or the amount is not capable of reliable measurement.

Patent infringement claims

Cochlear operates in an industry that has substantial intellectual property and patents protecting that intellectual property. From time to time, Cochlear is involved in confidential discussions with patent owners including competitors regarding threatened litigation for alleged infringement of patent rights. The outcome of these discussions are not expected to result in a significant adverse outcome for Cochlear.

Product liability claims

Cochlear is currently, and/or is likely from time to time to be, involved in claims and litigation incidental to the ordinary course of business, including claims for damages relating to its products and services.

In addition, Cochlear has received legal claims and litigation in various countries including the United States by recipients who have had Cochlear implant CI500 series devices stop functioning for the reason that led to the September 2011 voluntary recall of unimplanted CI500 series devices.

Cochlear carries product liability insurance and has made claims under the policies. The insurers have agreed to indemnify Cochlear in accordance with the terms and conditions of the policies including deductibles and exclusions. In the opinion of the directors, the details of the product liability insurance policies are commercially sensitive and any disclosure of these details may be prejudicial to the interests of Cochlear.

Regulatory actions

Cochlear operates in multiple overseas jurisdictions and is currently, and/or is likely from time to time to be, subject to payment claims and tax, customs, and other regulatory reviews, audits, investigations, and litigation by governments, authorities and regulators. These matters may result in additional tax, customs or other liabilities (including interest and penalties). Individual significant confidential investigation(s) by an authority are not disclosed, as disclosure may prejudice Cochlear.

5.8 Leases

Cochlear leases a number of assets including land and buildings, office equipment and motor vehicles. Cochlear's lease agreements often include a standard lease term with an extension option at the end. Lease agreements may include annual rent increases based on either a fixed percentage or benchmarked against an inflation index. Land and building leases may also include periodic market rent reviews which reset the rent to the market rent at the time of the review.

At inception of a contract, Cochlear assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the contract contains a lease, a lease liability is recognised at lease commencement date. The liability is initially measured at the present value of future lease payments, discounted using Cochlear's incremental borrowing rate.

The lease liability is subsequently remeasured when there is a modification in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The right of use asset is initially measured at cost, which comprises the initial



amount of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received.

Over the life of the lease, the lease liability will be increased by interest costs and will be reduced as lease payments are made. The right of use asset is amortised on a straight-line basis over its useful life.

Cochlear has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether Cochlear is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognised. The lease liability includes the lease of Cochlear Global Headquarters in Sydney, Australia until 2035.

Cochlear has elected not to recognise a right of use asset and a corresponding lease liability for leases with a term of less than 12 months or for leases of low-value assets. Cochlear recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The right of use asset depreciation is recognised in cost of sales, selling, marketing and general expenses, research and development expenses and administration expenses in the Income statement depending on the function of associated activities; while interest expense incurred on the lease liability is recognised in Finance expense – interest in the Income statement. For the year ended 30 June 2025, lease interest was \$8.5 million (2024: \$7.2 million). For the purpose of presentation of the Statement of cash flows, the lease payments are separated into principal payments (financing activities) and interest payments (operating activities). Total cash outflows related to leases was \$44.7 million for the year ended 30 June 2025 (2024: \$39.6 million).

The following table shows movements in the right of use assets during the year:

	Land and buildings	Other assets	Total
	\$m	\$m	\$m
Balance at 1 July 2024	202.6	9.8	212.4
Additions	9.2	5.5	14.7
Remeasurement	6.4	–	6.4
Depreciation expense	(30.2)	(5.8)	(36.0)
Effect of movements in foreign exchange	5.3	0.7	6.0
Balance at 30 June 2025	193.3	10.2	203.5

6. Capital and financial structure

6.1 Capital management

Cochlear's capital management objectives are to safeguard its ability to continue as a going concern, provide returns to shareholders, provide benefits to other stakeholders and maintain an optimal capital structure.

Since March 2023, Cochlear has been undertaking a progressive on-market share buyback program which complements its existing dividend policy which targets a 70% payout of underlying net profit.

A progressive buy-back program aligns with the interests of our shareholders by reducing shares on issue, providing gradual accretion in earnings per share and dividends per share over the long term.

The Board undertakes an annual review to assess whether the buyback and cash target continue to be appropriate and whether the capital management structure is appropriate to meet Cochlear's medium and long-term strategic requirements.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements. There were no significant changes in Cochlear's approach to capital management during the year.

6.2 Capital and reserves

Share capital

The Company does not have authorised capital or par value in respect of its issued shares.

	Total number of issued shares	
	2025	2024
On issue 1 July – fully paid	65,494,161	65,671,649
Issued under Employee Share Plan	494	516
Issued from the exercise of performance rights	1,149	1,202
Shares cancelled from share buy-back	(98,800)	(179,206)
On issue 30 June – fully paid	65,397,004	65,494,161

For the FY21-24 LTI plan, 86.32% vested based on the performance over 4 years period (FY21-FY24), as result of it, 57,878 shares were purchased under the plan in 2025 financial year.

The on-market share buy-back commenced on 8 March 2023. For the financial year ended 30 June 2025, 98,800 shares were bought back on market (2024: 165,206) and 98,800 shares were cancelled (2024: 179,206).



Ordinary shares are classified as equity and incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any income tax benefit.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

Translation reserve

The translation reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary, where their functional currency is different to the presentation currency of the reporting entity. See Note 1.2(d) for further details.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to underlying transactions that have not yet occurred.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investments revalued through other comprehensive income until the assets are derecognised or impaired.

Share-based payment reserve

The share-based payment reserve comprises the cost of shares, options, performance shares and performance rights granted to eligible executives under the CEIP, as detailed in Note 4.3 less any payments made to meet Cochlear's obligations through the acquisition of shares on-market, together with any deferred tax asset/liability on such payments.

Treasury shares reserve

The reserve comprises the cost of the Cochlear Limited's shares held by Cochlear.

When shares recognised as equity are repurchased, the amount of the consideration paid, including directly attributable costs, are recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve.

When treasury shares are cancelled, the consideration paid is transferred to share capital. When treasury shares are issued to employees to satisfy vesting of employee share plans the consideration paid is transferred to the share-based payment reserve.

At 30 June 2025, the group did not hold any Cochlear Limited shares (2024: nil).

6.3 Total borrowings, net cash and finance costs

Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequently, loans and borrowings are stated at amortised cost, with any difference between amortised cost and redemption value being recognised in the Income statement over the period of the borrowings on an effective interest rate basis. As at 30 June 2025, Cochlear has no borrowings.

Debt establishment costs are capitalised and an amount of \$0.8 million (2024: \$1.1 million) in relation to unamortised loan establishment fees has been recognised in prepayments. They are recorded initially at cost and are amortised over the period of the loan.

	2025 \$m	2024 \$m
Cash		
Cash and cash equivalents	275.7	513.6
Total cash	275.7	513.6
Less: Total borrowings		
Current and non-current	–	–
Total borrowings	–	–
Net cash	275.7	513.6

Gearing ratio

	2025 \$m	2024 \$m
Total borrowings	–	–
Total equity	1,950.3	1,840.5
Gearing ratio¹	0.0%	0.0%

¹ Gearing ratio = Total borrowings/Total equity.



Financing arrangements

	Multi-option bank facilities		Other credit facilities		
	Unsecured bank loan	Bank guarantees ²	Unsecured bank overdrafts	Unsecured bank loan	Bank guarantees ²
	\$m	\$m	\$m	\$m	\$m
2025					
Utilised at reporting date ¹	–	17.9	–	–	9.5
Not utilised at reporting date	350.0	2.1	3.1	–	6.4
Total facilities	350.0	20.0	3.1	–	15.9
2024					
Utilised at reporting date ¹	–	14.9	–	–	8.5
Not utilised at reporting date	350.0	5.1	3.0	–	4.3
Total facilities	350.0	20.0	3.0	–	12.8

¹ Excludes the amount of \$0.8 million (2024: \$1.1 million) in relation to unamortised loan establishment fees.

² Bank guarantees include standby letters of credit.

Multi-option bank facilities – Unsecured bank loan

For the year ended 30 June 2025, Cochlear’s bank loan facilities are as follows:

Facility type	<1 year term	1-2 year term	2-3 year term	3-4 year term	4-5 year term	5-6 year term	Total facilities
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Committed debt including guarantees	–	100.0	150.0	100.0	20.0	–	370.0

All facilities are unsecured and have interlocking guarantees provided by certain controlled entities. Interest on the facilities is variable and charged at prevailing market rates.

Other credit facilities

Unsecured bank overdrafts

Certain unsecured bank overdrafts are payable on demand and are subject to annual review. Interest on unsecured bank overdrafts is variable and is charged at prevailing market rates.

Bank guarantees/Standby letters of credit

As at 30 June 2025, Cochlear had additional facilities denominated in US dollar (USD), Euros (EUR), Sterling (GBP), Indian rupees (INR), New Zealand dollars (NZD) and Moroccan Dirham (MAD) totaling AUD \$15.9 million (2024: AUD \$12.8 million).

Finance costs

Interest income is recognised as it accrues in the Income statement. Borrowing costs are recognised as they accrue in the Income statement as a Finance expense - interest.

6.4 Financial risk management

The activities of Cochlear are exposed to a variety of risks, including market risk (comprising currency, interest rate and equity price risk), credit risk and liquidity risk. Cochlear’s overall risk management program considers the unpredictability of financial markets and seeks to appropriately manage the potential adverse effects on financial performance.

The Board is responsible for satisfying itself that Cochlear has in place an appropriate risk management framework that continues to be sound. Under the Board’s direction, management has established an Executive Risk Management Committee to provide governance and oversight of the Enterprise Risk Management program. This committee monitors the implementation of the Enterprise Risk Management program and tracks key risks identified through the process.

The Audit and Risk Committee plays a critical role in reviewing Cochlear’s Risk Management Framework at least annually to satisfy itself that it continues to be sound and that Cochlear is operating with due regard to the risk appetite set by the Board. The Executive Management Committee reports to the Audit and Risk Committee on new and emerging risks, as well as the controls and mitigation strategies implemented to address those risks.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect Cochlear’s net profit or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures by buying and selling forward exchange contracts and incurring financial liabilities, within acceptable parameters, while optimising the return, all in accordance with the Treasury Risk Management Policy.



Currency risk

Cochlear is exposed to currencies other than the respective functional currencies of the controlled entities, primarily AUD, Swiss francs (CHF), Chinese yuan (CNY), EUR, GBP, Japanese yen (JPY), Swedish Krona (SEK) and USD.

Over 90% of Cochlear's revenues and over 50% of costs are denominated in currencies other than AUD. Currency risk is hedged in accordance with the Treasury Risk Management Policy. Risk resulting from the translation of assets and liabilities of foreign operations into Cochlear's reporting currency is not hedged.

Cochlear's exposure to foreign currency risk in relation to non-derivative financial instruments at 30 June 2025 was as follows, based upon notional amounts:

Amounts in foreign currency/millions	CHF	CNY	EUR	GBP	JPY	SEK	USD
2025							
Trade receivables	0.6	189.6	114.8	5.6	1,274.5	1.4	118.0
Trade payables	(4.6)	(56.5)	(47.5)	(3.1)	(96.9)	(56.0)	(47.0)
Balance sheet exposure	(4.0)	133.1	67.3	2.5	1,177.6	(54.6)	71.0
2024							
Trade receivables	0.7	200.5	48.7	6.9	1,301.1	8.3	122.6
Trade payables	(3.8)	(56.6)	(44.3)	(3.4)	(227.3)	(56.0)	(51.0)
Balance sheet exposure	(3.1)	143.9	4.4	3.5	1,073.8	(47.7)	71.6

Derivative assets and liabilities

In order to reduce the impact of short-term fluctuations on Cochlear's earnings, Cochlear enters into forward exchange contracts to hedge anticipated sales and purchases in CHF, EUR, GBP, JPY, SEK and USD. The amounts of forward cover taken are in accordance with approved policy and internal forecasts.

In the year ended 30 June 2025, Cochlear designated majority of forward exchange contracts as cash flow hedges. These are hedges of forecast future transactions to manage the currency risk arising from exchange rate fluctuations. The hedged items were highly probable foreign currency transactions.

At the start of a hedge relationship, Cochlear designates and documents the relationship between the hedging instrument and hedged item. This includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how Cochlear will assess the effectiveness of the hedging relationship. Cochlear regularly assesses whether the hedging

instruments are expected to be highly effective in offsetting the changes in the cash flows of the respective hedged items.

Forward exchange contracts are recognised initially at fair value. Subsequently, forward exchange contracts are measured at fair value. Changes in the fair value are recognised directly in equity to the extent that the hedge is effective. The ineffective part of any hedging instrument is recognised immediately in the Income statement.

If the forward exchange contract no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs or until cash flows arising from the transaction are received.

For cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in the Income statement in the same period the hedged forecast transaction affects the Income statement and on the same line item as that hedged forecast transaction.

In the year ended 30 June 2025, all cash flow hedges were effective at the reporting date.

The following table sets out the gross value to be received or paid under remaining forward exchange contracts and the weighted average contracted exchange rates of outstanding contracts:

Amounts In AUD	Weighted average rate	<1 year \$m	1-2 years \$m
2025			
Buy CHF	0.544	(29.9)	–
Sell EUR	0.583	108.5	97.2
Sell GBP	0.513	31.3	19.6
Sell JPY	91.900	17.0	9.4
Buy SEK	6.562	(40.4)	–
Sell USD	0.653	368.7	219.6
Total		455.2	345.8
2024			
Buy CHF	0.565	(32.4)	–
Sell EUR	0.605	148.0	75.9
Sell GBP	0.532	42.0	22.8
Sell JPY	90.285	17.7	8.9
Buy SEK	6.891	(34.8)	–
Sell USD	0.666	354.6	184.1
Total		495.1	291.7



Currency risk – Sensitivity analysis

An analysis based on a 10% strengthening of foreign currencies would have increased Cochlear's profit for the year ended 30 June 2025 after tax by approximately AUD 12.3 million (2024: increased profit by AUD 13.2 million) and decreased Cochlear's equity by AUD 64.5 million (2024: decrease by AUD 56.0 million). A 10% weakening of the foreign currencies would have decreased Cochlear's profit for the year ended 30 June 2025 after tax by approximately AUD 10.8 million (2024: decreased profit by AUD 11.7 million) and increased equity by AUD 44.4 million (2024: increase by AUD 49.3 million).

This analysis assumes that all other variables remain constant and ignores any impact from the translation of foreign operations.

The following significant exchange rates applied to Cochlear during the year:

AUD 1 =	Average rate		Reporting date spot rate	
	2025	2024	2025	2024
CHF	0.560	0.584	0.522	0.596
CNY	4.668	4.738	4.683	4.813
EUR	0.595	0.607	0.558	0.620
GBP	0.500	0.522	0.476	0.525
JPY	96.869	98.135	94.235	106.775
SEK	6.719	6.990	6.192	7.060
USD	0.648	0.656	0.654	0.662

Interest rate risk

Interest rate risk is managed through the management of net debt, interest expense and cost of finance. Cochlear is exposed to movements in the Australian interest rates in relation to corporate debt, leases and cash.

At the reporting date, the interest rate profile of Cochlear's interest-bearing financial instruments is financial assets of \$275.7 million (2024: \$513.6 million) and financial liabilities of \$0.0 million (2024: \$0.0 million).

Interest rate risk – Sensitivity analysis

At 30 June 2025, Cochlear was in a net financial asset position. A one percent increase in interest rates would have increased Cochlear's profit after income tax and equity by approximately \$2.1 million (2024: increased profit by \$1.6 million). A one percent decrease in interest rates would have decreased Cochlear's profit after income tax and equity by approximately \$0.9 million (2024: reduced profit by \$2.3 million).

(b) Credit risk

Credit risk is the risk of financial loss to Cochlear if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Cochlear is exposed to credit risk from its operating activities (primarily from trade and other receivables) and from financing activities, including deposits with financial institutions and foreign exchange contracts. The carrying amounts of these financial assets at year-end represent Cochlear's maximum exposure to credit risk.

Credit risk management – Trade and other receivables

Customer credit risk is managed at a regional level, subject to Board approved policies and procedures. The ageing profile of total receivables balances, individually significant debtors by geographic region, high risk customers and collection activities are reported to management and the Board on a monthly basis. Where high risk customers are identified, regional management is responsible for placing restrictions on future trading, including suspending future shipments and administering dispatches on a prepayment basis.

Cochlear's exposure to credit risk is influenced mainly by the political and geographical location and characteristics of individual customers. In determining concentrations of credit risk, management assesses the characteristics of customers which include governments, government-supported universities, clinics, major hospital chains and distributors. Concentrations of credit risk are determined by assessing different geographical locations of customers and the political and economic environments they are subject to, which may affect the timely recovery of certain receivables. The timing of government tenders and distributor sales directly impacts the concentration risk and management may obtain a letter of credit to minimize the risk. At 30 June 2025 the largest outstanding receivable from a customer was \$30.0 million (2024: \$19.0 million).

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Americas	EMEA	Asia Pacific	Total
	\$m	\$m	\$m	\$m
2025	131.3	293.8	89.6	514.7
2024	125.6	216.8	82.9	425.3

Depending on the region, Cochlear's credit terms are generally 30 days; however, there are certain jurisdictions where it is customary practice for customers to make payment beyond 270 days. Although Cochlear discloses the balance as overdue, it is not indicative of a higher-than-normal credit risk as payments are typically received by Cochlear within the extended timeframes.

The group uses an allowance matrix to measure Lifetime Expected Credit Losses of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of ageing to write-off. Roll rates



are calculated separately for exposures in different segments based on the following credit risk characteristics - geographic region, political and economic environments, and whether receivables are covered by a letter of credit. The movement in the allowance for impairment loss during the current year comprises of \$6.8 million in allowance utilised and \$8.1 million in net remeasurement.

The ageing of Cochlear’s trade receivables and allowance for impairment loss, are as follows:

	Trade receivables		Allowance for impairment losses		Trade receivables net of allowance for impairment losses	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Trade receivables						
Not past due	418.7	348.4	(2.8)	(2.6)	415.9	345.8
Past due 1 - 60 days	32.6	43.3	(1.2)	(1.6)	31.4	41.7
Past due 61 - 180 days	44.0	20.8	(2.2)	(3.1)	41.8	17.7
Past due 181 - 360 days	19.6	13.2	(4.9)	(5.4)	14.7	7.8
Past due 361 days and over	18.9	17.4	(8.0)	(5.1)	10.9	12.3
	533.8	443.1	(19.1)	(17.8)	514.7	425.3
Other receivables – current	71.2	65.4	–	–	71.2	65.4
Trade and other receivables	605.0	508.5	(19.1)	(17.8)	585.9	490.7

Credit risk management – Cash deposits, term deposits and forward exchange contracts

The majority of Cochlear’s cash deposits and all forward exchange contracts are only executed with leading financial institutions whose credit rating is at least ‘A’ on the Standard & Poor’s rating index.

(c) Liquidity risk

Liquidity risk is the risk that Cochlear will not be able to meet its financial obligations as they fall due. Cochlear manages liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

Non-derivative liabilities

Contractual maturities of non-derivative financial liabilities, including estimated interest payments and excluding the impact of netting agreements, are as follows:

	Effective interest rate Per annum	Carrying amount \$m	Contractual cash flows \$m	<1 year \$m	1-2 years \$m	2-5 years \$m	>5 years \$m
2025							
Trade and other payables	–	298.4	298.4	298.4	–	–	–
Lease liability	–	235.7	247.6	35.4	31.8	69.7	110.7
Total		534.1	546.0	333.8	31.8	69.7	110.7
2024							
Trade and other payables	–	303.2	303.2	303.2	–	–	–
Lease liabilities	–	243.7	287.9	41.0	36.1	93.3	117.5
Total		546.9	591.1	344.2	36.1	93.3	117.5

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.



Derivative assets and liabilities

The following table indicates the periods in which the cash flows associated with Cochlear's derivatives are expected to occur:

	Carrying amount	Contractual cash flows	<1 year	1-2 years
	\$m	\$m	\$m	\$m
2025				
Assets	12.2	12.4	6.9	5.5
Liabilities	(18.6)	(19.3)	(12.8)	(6.5)
Total	(6.4)	(6.9)	(5.9)	(1.0)
2024				
Assets	11.2	11.6	7.9	3.7
Liabilities	(8.9)	(9.1)	(8.7)	(0.4)
Total	2.3	2.5	(0.8)	3.3

The expected impact on the Income statement is not considered to be significantly different to the cash flow impact above.

(d) Fair value

The carrying amounts and estimated fair values of Cochlear's financial assets and liabilities are materially the same. The fair value of forward exchange contracts is based upon the listed market price, if available. If a listed market price is not available, the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using benchmark bill futures and swap rates. These fair values are provided by independent third parties.

Valuation of financial assets and liabilities

For financial assets and liabilities measured and carried at fair value, Cochlear uses the following levels to categorise the valuation methods used:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of Cochlear's forward exchange contracts were valued using observable market inputs (Level 2) and there were no transfers between levels during the year.

7. Other notes

7.1 Auditors' remuneration

	2025	2024
	\$	\$
Audit and assurance services		
Auditors of the Company - KPMG:		
– audit and review of consolidated financial statements	1,934,806	1,663,200
– audit and review of subsidiary financial statements	1,019,483	817,500
– other assurance services	77,760	19,650
Total audit and assurance services	3,032,049	2,500,350
Other services		
Auditors of the Company - KPMG:		
– taxation compliance and advisory services	1,442,364	1,367,248
– other advisory services	209,975	54,850
Total other services	1,652,339	1,422,098

7.2 Commitments

Capital expenditure commitments

As at 30 June 2025, Cochlear entered into contracts to purchase property, plant and equipment and intangible assets for \$28.8 million (2024: \$23.4 million).



7.3 Controlled entities

Subsidiaries conduct business transactions with various controlled entities. Such transactions include purchases and sales of certain products, dividends, interest and loans.

Company	Interest held		Country of incorporation/formation	Company	Interest held		Country of incorporation/formation
	2025 %	2024 %			2025 %	2024 %	
Company							
Cochlear Limited			Australia	Cochlear Malaysia Sdn. Bhd.	100	100	Malaysia
Controlled entities				Cochlear Manufacturing Corporation	100	100	USA
Cochlear AG	100	100	Switzerland	Cochlear Medical Device (Beijing) Co., Ltd	100	100	China
Cochlear Americas	100	100	USA	Cochlear Medical Device (Chengdu) Co Ltd	100	100	China
Cochlear Arabia Regional Headquarter LLC	100	100	Saudi Arabia	Cochlear Medical Device Company India Private Limited	100	100	India
Cochlear Austria GmbH	100	100	Austria	Cochlear Mexico SA de CV	100	100	Mexico
Cochlear Benelux NV	100	100	Belgium	Cochlear Middle East FZ-LLC	100	100	UAE
Cochlear Bone Anchored Solutions AB	100	100	Sweden	Cochlear Morocco SARL ¹	100	100	Morocco
Cochlear Brasil Ltda	100	100	Brazil	Cochlear Nordic AB	100	100	Sweden
Cochlear Canada Inc	100	100	Canada	Cochlear Norway AS	100	100	Norway
Cochlear Clinical Services LLC	100	100	USA	Cochlear NZ Limited	100	100	New Zealand
Cochlear Colombia SAS	100	100	Colombia	Cochlear Research and Development Limited	100	100	UK
Cochlear Deutschland GmbH & Co KG	100	100	Germany	Cochlear Russia LLC	100	100	Russia
Cochlear Employee Share Trust	100	100	Australia	Cochlear Shared Services S.A.	100	100	Panama
Cochlear Employee Share Plan Trust	100	100	Australia	Cochlear Sweden Holdings AB	100	100	Sweden
Cochlear Europe Finance GmbH	100	100	Germany	Cochlear Taiwan Limited	100	100	Taiwan
Cochlear Europe Limited	100	100	UK	Cochlear Tibbi Cihazlar ve Saglik Hizmetleri Limited Sirketi	100	100	Turkey
Cochlear Finance Pty Limited	100	100	Australia	Cochlear Verwaltungs GmbH	100	100	Germany
Cochlear France SAS	100	100	France	Cochlear (HK) Limited	100	100	Hong Kong
Cochlear German Holdings Pty Limited	100	100	Australia	Cochlear (Thailand) Limited	100	100	Thailand
Cochlear Incentive Plan Pty Ltd	100	100	Australia	Cochlear (UK) Limited ²	100	100	UK
Cochlear Investments Pty Ltd	100	100	Australia	Medical Insurance Pte Limited	100	100	Singapore
Cochlear Investments (No. 2) Pty Ltd	100	100	Australia	Neurelec S.A.S	100	100	France
Cochlear Investments (No. 3) Pty Ltd	100	100	Australia	Nihon Cochlear Co Limited	100	100	Japan
Cochlear Italia SRL	100	100	Italy	Sichuan Keli ShuangChuang Technology Co	51	51	China
Cochlear Korea Limited	100	100	Korea	Sycle, LLC	100	100	USA
Cochlear Labs Pty Limited	100	100	Australia	Sycle.Net Technologies (Canada) Ltd	100	100	Canada
Cochlear Latinoamerica S.A.	100	100	Panama				

¹ Name changed from Oticon Medical Maroc to Cochlear Morocco on 6 May 2025.

² Deregistered on 18 February 2025.



7.4 Parent entity disclosure

At, and throughout the financial year ended, 30 June 2025, the parent company of Cochlear was Cochlear Limited.

	2025	2024
	\$m	\$m
Result of the parent entity		
Net profit	366.1	335.5
Other comprehensive (loss)/income	(6.1)	15.8
Total comprehensive income	360.0	351.3
Current assets	1,263.6	1,320.1
Total assets	2,163.6	2,152.9
Current liabilities	335.4	363.9
Total liabilities	480.8	511.1
Total equity of the parent entity comprising:		
Share capital	1,176.0	1,204.2
Hedging reserve	(4.3)	1.7
Share-based payment reserve	95.0	107.7
Profit reserve	526.7	438.8
Accumulated losses	(110.6)	(110.6)
Total equity	1,682.8	1,641.8

Dividends will be paid from the profit reserve of Cochlear Limited, as the parent of the Consolidated Entity. Dividend income from subsidiaries are recognised by the parent entity when the dividends are declared by the subsidiary.

Parent entity contingencies

The details of all contingent liabilities in respect of Cochlear Limited are disclosed in Note 5.7 *Contingent liabilities*.

Parent entity capital commitments for acquisition of plant and equipment

As at 30 June 2025, the parent entity entered into contracts to property, plant and equipment and intangible assets for \$24.7 million (2024: \$21.0 million).

7.5 Deed of Cross Guarantee

Cochlear Limited (the holding entity) together with the wholly-owned subsidiaries set out below (together referred to as the Closed Group) entered into a Deed of Cross Guarantee on 17 April 2019, as amended from time to time (the Deed). As a result, pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the wholly-owned subsidiaries set out below are relieved from the *Corporations Act 2001* requirement to prepare and lodge an audited financial report and directors' report. Under the Deed, Cochlear Limited has guaranteed to pay any outstanding liabilities upon the winding up of any wholly-owned subsidiary that is party to the Deed. Wholly-owned subsidiaries that are party to the Deed have also been given a similar guarantee in the event that Cochlear Limited or another party to the Deed is wound up.

The subsidiaries party to the Deed are:

Cochlear Finance Pty Limited;
Cochlear German Holdings Pty Limited;
Cochlear Investments Pty Ltd;
Cochlear Investments (No. 2) Pty Ltd;
Cochlear Investments (No. 3) Pty Ltd; and
Cochlear Labs Pty Limited.



Set out below is the Income statement, Statement of comprehensive income, a summary of movements in retained earnings/(accumulated losses) and Balance sheet of the entities party to the Deed for the year ended 30 June 2025 and 30 June 2024:

Income statement

	2025	2024
	\$m	\$m
Revenue	1,607.6	1,469.1
Cost of sales	(609.8)	(535.8)
Gross profit	997.8	933.3
Selling, marketing and general expenses	(77.0)	(91.6)
Research and development expenses	(174.2)	(175.9)
Administration expenses	(215.9)	(214.7)
Other income	71.6	93.6
Other expenses	(129.6)	(111.8)
Share of losses on equity accounted investments	(0.8)	(0.6)
Results from operating activities	471.9	432.3
Finance income – interest	17.9	21.0
Finance expense – interest	(11.7)	(10.4)
Net finance expense	6.2	10.6
Profit before income tax	478.1	442.9
Income tax expense	(108.5)	(93.5)
Net profit	369.6	349.4

Statement of comprehensive income

	2025	2024
	\$m	\$m
Net profit	369.6	349.4
Financial investments measured at fair value through other comprehensive income, net of tax	(0.9)	(20.3)
Effective portion of changes in fair value of cash flow hedges, net of tax	(15.1)	1.2
Net change in fair value of cash flow hedges transferred to the Income statement, net of tax	8.9	15.8
Total comprehensive income	362.5	346.1
Retained earnings at beginning of year	400.9	297.2
Net profit	369.6	349.4
Dividends recognised	(278.2)	(245.7)
Retained earnings at end of year	492.3	400.9



Balance Sheet

	2025	2024
	\$m	\$m
Assets		
Cash and cash equivalents	156.4	351.8
Trade and other receivables	747.5	687.7
Forward exchange contracts	6.9	7.7
Inventories	330.6	250.9
Current tax assets	0.1	–
Prepayments	26.6	25.9
Total current assets	1,268.1	1,324.0
Forward exchange contracts	5.3	3.5
Property, plant and equipment	182.2	156.2
Intangible assets	184.9	157.6
Investments	76.9	80.5
Other financial assets	110.5	102.0
Equity-accounted investments	2.1	2.9
Loans and borrowings – internal	295.2	217.7
Investments in subsidiaries	536.3	524.6
Deferred tax assets	62.2	50.4
Right of use assets	108.2	119.1
Total non-current assets	1,563.8	1,414.5
Total assets	2,831.9	2,738.5

	2025	2024
	\$m	\$m
Liabilities		
Trade and other payables	225.1	255.9
Forward exchange contracts	12.4	8.4
Loans and borrowings – internal	212.4	191.6
Current tax liabilities	7.7	5.7
Employee benefit liabilities	59.8	75.4
Provisions	17.3	17.8
Deferred revenue	(1.4)	1.2
Lease liabilities	16.5	16.8
Total current liabilities	549.8	572.8
Forward exchange contracts	6.1	0.4
Loans and borrowings – internal	457.0	382.3
Employee benefit liabilities	4.4	4.0
Provisions	22.0	20.1
Deferred tax liabilities	16.1	16.2
Lease liabilities	112.9	122.8
Total non-current liabilities	618.5	545.8
Total liabilities	1,168.3	1,118.6
Net assets	1,663.6	1,619.9
Equity		
Share capital	1,176.1	1,204.2
Reserves	(4.8)	14.8
Retained earnings	492.3	400.9
Total equity	1,663.6	1,619.9



7.6 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for financial years beginning after 1 July 2024 and have not been applied in preparing these consolidated financial statements. AASB 18 *Presentation and Disclosure in Financial Statements* will replace AASB 101 *Presentation of Financial Statements* and is effective for the year ending 30 June 2028. This is expected to result in changes in presentation when adopted. Other new standards are not expected to have an effect on the consolidated financial statements of Cochlear.

7.7 Events subsequent to the reporting date

Other than the matter noted below, there has not arisen in the interval between the reporting date and the date of these consolidated financial statements, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of Cochlear, the results of those operations, or the state of affairs of Cochlear in future financial years:

Dividends

For dividends declared after 30 June 2025, see Note 2.6.

Consolidated entity disclosure statement

Basis of preparation

Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement be disclosed. For the purposes of this section, an entity is an Australian resident at the end of a financial year if the entity is:

- a) an Australian resident (within the meaning of the *Income Tax Assessment Act 1997*) at that time; or
- b) a partnership, with at least one partner being an Australian resident (within the meaning of the *Income Tax Assessment Act 1997*) at that time; or
- c) a resident trust estate (within the meaning of Division 6 of Part III of the *Income Tax Assessment Act 1936*) in relation to the year of income (within the meaning of that Act) that corresponds to the financial year.

The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the Consolidated Entity has applied the following interpretations:

- Australian tax residency - current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Taxation Ruling TR 2018/5*.
- Foreign tax residency - current legislation and guidance in the determination of foreign tax residency.



Set out below is a list of entities that are consolidated in the financial statements at the end of the financial year.

Entity Name		% of Share Capital	Country of incorporation/formation	Tax Jurisdiction	Entity Name		% of Share Capital	Country of incorporation/formation	Tax Jurisdiction
Cochlear Limited (the Company)		●	Australia	Australia	Nihon Cochlear Co Limited		● 100%	Japan	Japan
Cochlear German Holdings Pty Limited	(i)	● 100%	Australia	Australia	Cochlear Korea Limited		● 100%	Korea	Korea
Cochlear Incentive Plan Pty Ltd		● 100%	Australia	Australia	Cochlear Malaysia Sdn. Bhd.		● 100%	Malaysia	Malaysia
Cochlear Employee Share Trust		◆ N/A	Australia	Australia	Cochlear Mexico SA de CV		● 100%	Mexico	Mexico
Cochlear Employee Share Plan Trust		◆ N/A	Australia	Australia	Cochlear Morocco SARL	(iii)	● 100%	Morocco	Morocco
Cochlear Finance Pty Limited		● 100%	Australia	Australia	Cochlear NZ Limited		● 100%	New Zealand	New Zealand
Cochlear Investments Pty Ltd	(i)	● 100%	Australia	Australia	Cochlear Norway AS		● 100%	Norway	Norway
Cochlear Investments (No. 2) Pty Ltd		● 100%	Australia	Australia	Cochlear Latinoamerica S.A.		● 100%	Panama	Panama
Cochlear Investments (No. 3) Pty Ltd		● 100%	Australia	Australia	Cochlear Shared Services S.A.		● 100%	Panama	Panama
Cochlear Labs Pty Limited		● 100%	Australia	Australia	Cochlear Russia LLC		● 100%	Russia	Russia
Cochlear Austria GmbH		● 100%	Austria	Austria	Cochlear Arabia Regional Headquarter LLC		● 100%	Saudi Arabia	Saudi Arabia
Cochlear Benelux NV		● 100%	Belgium	Belgium	Medical Insurance Pte Limited		● 100%	Singapore	Singapore
Cochlear Brasil Ltda		● 100%	Brazil	Brazil	Cochlear Bone Anchored Solutions AB		● 100%	Sweden	Sweden
Cochlear Canada Inc		● 100%	Canada	Canada	Cochlear Nordic AB		● 100%	Sweden	Sweden
Sycle.Net Technologies (Canada) Ltd		● 100%	Canada	Canada	Cochlear Sweden Holdings AB		● 100%	Sweden	Sweden
Cochlear Medical Device (Beijing) Co., Ltd		● 100%	China	China	Cochlear AG		● 100%	Switzerland	Switzerland
Cochlear Medical Device (Chengdu) Co Ltd		● 100%	China	China	Cochlear Taiwan Limited		● 100%	Taiwan	Taiwan
Sichuan Keli ShuangChuang Technology Co Ltd		● 51%	China	China	Cochlear (Thailand) Limited		● 100%	Thailand	Thailand
Cochlear Colombia SAS		● 100%	Colombia	Colombia	Cochlear Tibbi Cihazlar ve Saglik Hizmetleri Ltd Sirketi		● 100%	Turkey	Turkey
Cochlear France SAS		● 100%	France	France	Cochlear Middle East FZ-LLC		● 100%	UAE	UAE
Neurelec SAS		● 100%	France	France	Cochlear Europe Limited		● 100%	UK	UK
Cochlear Deutschland GmbH & Co KG	(ii)	■ N/A	Germany	Australia & Germany	Cochlear Research and Development Limited		● 100%	UK	UK
Cochlear Europe Finance GmbH		● 100%	Germany	Germany	Cochlear Americas		● 100%	USA	USA
Cochlear Verwaltungs GmbH		● 100%	Germany	Germany	Cochlear Clinical Services LLC		● 100%	USA	USA
Cochlear (HK) Limited		● 100%	Hong Kong	Hong Kong	Cochlear Manufacturing Corporation		● 100%	USA	USA
Cochlear Medical Device Company India Private Ltd		● 100%	India	India	Sycle, LLC		● 100%	USA	USA
Cochlear Italia SRL		● 100%	Italy	Italy					

Key: ● Body Corporate ◆ Trust ■ Partnership

- i) Cochlear German Holdings Pty Limited and Cochlear Investments Pty Limited are partners in Cochlear Deutschland GmbH & Co KG.
- ii) Cochlear Deutschland GmbH & Co KG. has a tax jurisdiction of Germany and also Australia as its partners are Australian residents.
- iii) Name changed from Oticon Medical Maroc to Cochlear Morocco on 6 May 2025.



Directors' declaration

1. In the opinion of the directors of Cochlear Limited (the Company):

- a) the consolidated financial statements and notes and the Remuneration report are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and
 - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- c) the consolidated entity disclosure statement as required by section 295(3A) of the *Corporations Act 2001* and set out on pages 162 to 163 is true and correct as at 30 June 2025; and
- d) at the date of this declaration, there are reasonable grounds to believe that the Company and each of the Closed Group entities identified in Note 7.5 will be able to meet any liabilities to which they are or may become subject to, because of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

2. The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer & President and Chief Financial Officer for the financial year ended 30 June 2025.

3. The directors draw attention to Note 1.2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Sydney this 15th day of August 2025.

Director

Director



Independent auditor's report

To the shareholders of Cochlear Limited

Report on the audit of the Financial Report

Opinion

We have audited the Financial Report of Cochlear Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the Consolidated Entity's financial position as at 30 June 2025 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The Financial Report comprises:

- Balance Sheet as of 30 June 2025
- Income Statement, Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes, including a summary of material accounting policies
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2025
- Directors' Declaration.

The Consolidated Entity consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Consolidated Entity in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Warranty provision \$48.0 million

Refer to Note 5.6 Provisions

The key audit matter	How the matter was addressed in our audit
<p>The warranty provision was considered a key audit matter due to:</p> <ul style="list-style-type: none"> • The estimation uncertainty inherent in the key assumptions applied by the Consolidated Entity to determine the warranty provision; • The Consolidated Entity's evolving product portfolio, through the introduction of new generations, where each product's design and quality attributes can impact the key assumptions; • The inherent unpredictability of future failures resulting in claims under warranty; and • The calculation is largely manually developed and therefore is at greater risk of error. <p>The key assumptions used in the Consolidated Entity's determination of the warranty provision are:</p> <ul style="list-style-type: none"> • The forecast claim rates of the multiple products in the portfolio; 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the evolving product portfolio, each product's warrantable period and history of claim rates, and the different attributes which impact the key assumptions used in the Consolidated Entity's warranty provision; • Testing the sensitivity of the warranty provision by varying key assumptions, within a reasonably possible range, to focus our further procedures; • Challenging the Consolidated Entity's ability to reliably estimate the key assumptions by comparing previous estimates to actual outcomes; • Assessing the integrity of the model for the warranty provision. This included checking the accuracy of the formulas within the model using data analytic techniques; • Comparing the forecast claim rates of a sample of products to actual warranty claims for that product or actual warranty claims of previous generations of similar products; • Comparing the forecast proportion of claims that can be repaired and associated repair costs to historical repair performance;



- The ratio of repairing to replacing failed products;
- The forecast repair cost; and
- The forecast replacement cost which is based on standard forecasts of manufacturing costs.

Challenging these key assumptions required greater involvement by our senior team members.

Given the dependence on manually developed calculations, we involved our data analytics specialists to supplement our senior team members in addressing this key audit matter.

- Comparing the forecast replacement cost to actual manufacturing costs and challenging forward-looking assumptions used in the model;
- Enquiring of management responsible for product design and quality attributes and the product repair function regarding product reliability and repairability, especially in relation to recently launched products, to challenge the forward-looking assumptions used in the model;
- Assessing the disclosures of the quantitative and qualitative considerations in relation to the warranty provision, by comparing these disclosures to our understanding of the matter and the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Cochlear Limited’s annual report which is provided in addition to the Financial Report and the Auditor’s Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion and the Sustainability data subject to assurance and our related assurance conclusion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor’s Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Consolidated Entity, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Consolidated Entity, and that is free from material misstatement, whether due to fraud or error
- assessing the Consolidated Entity’s and Company’s ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor’s Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf This description forms part of our Auditor’s Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Cochlear Limited for the year ended 30 June 2025, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 102 to 122 of the Directors' report for the year ended 30 June 2025.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300A* of the *Corporations Act 2001*, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Rachel Gatt
Partner
Sydney
15 August 2025



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personal use only

Additional information



David,
Nucleus System recipient



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Sustainability approach

Sustainability is embedded in our business strategy, recognising the importance of social, environmental and governance outcomes for our long-term success.

Our approach

Our sustainability approach is integrated into our business strategy. It reinforces our focus on creating positive social impact at individual and societal levels, while minimising our environmental impact. It helps guide our strategic priorities, manage risk and improve performance.

Our approach is informed by our double materiality assessment and business priorities as well as the Global Reporting Initiative (GRI) framework, the United Nations Sustainable Development Goals (SDGs) and the United Nations Global Compact (UNGC) Principles. We also consider emerging sustainability reporting regulations, such as the Australian Sustainability Reporting Standards (ASRS) and the Corporate Sustainability Reporting Directive (CSRD).

We have been signatory of the UNGC since 2022 and support the Ten Principles in the areas of human rights, labour, environment and anti-corruption.

Our contribution to the United Nations Sustainable Development Goals

We support the United Nations Sustainable Development Goals (SDGs), focusing on those most relevant to our business and mission. We align our efforts with SDG 3 (Good Health and Wellbeing), SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 10 (Reduced Inequalities), and SDG 13 (Climate Action). These goals continue to shape our sustainability priorities and are reflected in our material topics.

Sustainability governance

The Board is responsible for overseeing the implementation of the sustainability strategy (including environment and climate-related) and its integration into business strategy, operations, risk management and accountability reporting.

The Audit and Risk Committee assists the Board to discharge its responsibilities in monitoring sustainability (including environment and climate-related) performance and overseeing the implementation of sustainability initiatives and commitments and reviewing the assessment, management and response to these risks and opportunities.

The Executive Team has responsibility for the implementation of sustainability (including environment and climate-related) strategy, integrating sustainability into business strategy and operations and reporting progress to the Audit and Risk Committee. The Executive Risk Management Committee is responsible for identifying, assessing and appropriately managing risk throughout Cochlear. Key risks are reported to the Audit and Risk Committee. The Global Sustainability Team provides regular updates to the committee on sustainability topics and risks.

The Global sustainability team reports to the Chief Financial Officer and is responsible for defining our sustainability framework, supporting all parts of the business to deliver on the framework, leading or coordinating key sustainability-related activities and developing external reporting.

Group Risk and Assurance is responsible for maintaining the enterprise risk framework which includes sustainability and climate-related risks. All employees and contractors are responsible for compliance with policy and procedure controls to manage risk.

Sustainability governance framework





Double materiality assessment

Since 2022, we have conducted materiality assessments aligned with the GRI Standards. This year, we expanded our approach by undertaking a comprehensive double materiality assessment (DMA) in line with the Corporate Sustainability Reporting Directive (CSRD). The DMA identifies material sustainability matters relevant to our business and value chain, considering both their impact on society and the environment (impact materiality) as well as their associated financial risks and opportunities (financial materiality). Our DMA uses a structured scoring system aligned with our risk management framework.

Our DMA process involved four key steps:

- 1. Defining the context:** We evaluated various inputs to establish the assessment context, including peer assessment, media and industry analysis, sustainability publications and frameworks, internal processes and policies and consultations with external and internal stakeholders.
- 2. Process specification:** We identified potential sustainability topics by assessing and rating their associated impacts, risks, and opportunities (IROs).
- 3. List of IROs:** We developed a comprehensive list of IROs and applied criteria for impact and financial materiality:
 - Impact Materiality – Evaluated the significance (severity and likelihood) of each topic’s impact.
 - Financial Materiality – Assessed the magnitude (nature and relevance) and likelihood of financial risks and opportunities.

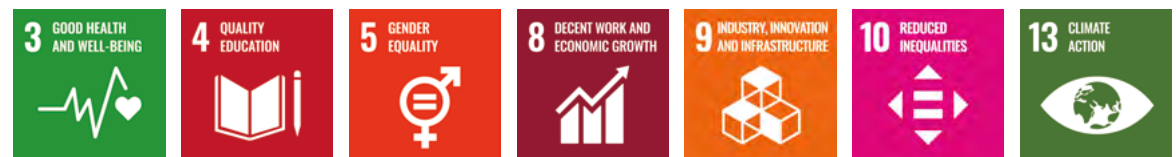
Following this evaluation, we refined the list into a set of priority material topics.

- 4. Validation:** We engaged key Cochlear stakeholders to prioritise material topics and validated the final list with our Executive Team.

Material topics

Our DMA results align with our previous materiality assessment and reflect our strategic priorities, reinforcing our positive social impact. The following table outlines our material topics, their alignment with the European Sustainability Reporting Standards (ESRS) dimensions, and their relevance to the UN Sustainable Development Goals (SDGs):

Dimension	ESRS Topic	Cochlear material topic	Report section	SDGs
Social	Own workforce	Employee value proposition	Thriving people	4,5,9
		Diversity, equity and inclusion	Thriving people	5,8
	Consumers and end-users	Product quality, safety and reliability	A lifetime of hearing solutions	3,9
		Access & affordability	A healthier and more productive society	3,4,8,10
Environmental	Climate change	Energy, emissions and climate resilience	Environmental responsibility	13
		Resource use and circular economy	Environmental responsibility	13
	Business conduct	High standards of corporate governance practice	Sustained value	8,9,10
		Sustainability governance	Sustained value	5,8,13
Cochlear specific topics	Investment in R&D	Research and innovation	A lifetime of hearing solutions	3,9
	Expanding access and awareness	Awareness and education	A healthier and more productive society, A lifetime of hearing solutions	3,9





Climate-related metrics

Since 2019, we have been tracking Scope 1 and 2 emissions along with business flights using the Greenhouse Gas (GHG) Protocol as a guiding framework. This year, we achieved our FY25 business flight targets and are disclosing our first complete Scope 3 inventory.

Scope 1

- Gasoline and natural gas for our fleet and operations.
- Our Scope 1 emissions have increased due to the use of natural gas at our facility in China. While this energy source is currently necessary to our operations, we are actively exploring viable low-emission alternatives.

Scope 2

- Purchased electricity for our manufacturing and other facilities.
- We have reduced our Scope 2 emissions by over 70% compared to the FY19 baseline and by 9% compared to FY24. We remain committed to expanding our use of renewable energy wherever feasible.

Scope 3

- We are reporting our full Scope 3 emissions inventory for the first time, in alignment with the GHG Protocol.
- While business flight emissions have been tracked since 2019, other Scope 3 categories were introduced in FY25. As a result, total Scope 3 emissions are substantially higher this year compared to previous years due to the expanded reporting scope.
- We have achieved our FY25 target of reducing our business flight emissions by 50% relative to our FY19 baseline. Our net business flight emissions have decreased by 50% compared to the FY19 baseline, including the use of offsets.
- The number of flights per FTE has reduced by 40% in comparison to the FY19 baseline.

GHG emissions ¹	Unit	FY25	FY24	FY23	FY22	FY21	FY20	FY19
Total Scope 1 ²	tCO2e	951*	856	916	251	474	559	409
Total Scope 2 ³	tCO2e	1,980*	2,183	2,401	8,693	11,793	9,115	9,825
Total Scope 1 & 2	tCO2e	2,931	3,040	3,316	8,945	12,267	9,674	10,234
Scope 3 ⁴	tCO2e	66,616*	14,418	10,950	2,196	186	4,774	18,630
Carbon offsets ⁵	tCO2e	3,401	11,422	7,941	1,150	0	0	0
Net Scope 3 emissions	tCO2e	63,215	2,997	3,009	1,046	186	4,774	18,630
Total Scope 1, 2 & 3⁶	tCO2e	66,146	6,037	6,326	9,991	12,453	14,448	28,864
Emission intensity per unit	KgCO2e/unit	11*	12	14	41	68	66	66
Emission intensity per mAUD	KgCO2e/revenue	1.2*	1.4	2	5	8	8	8

Energy	Unit	FY25	FY24	FY23	FY22	FY21	FY20	FY19
Direct purchased electricity ⁷	MWh	24,330*	23,112	23,158	22,943	22,857	15,638	17,806
Direct purchased natural gas + petrol ⁸	MWh	5,121*	4,736	5,433	2,066	1,904	1,201	5,371
Total direct purchased energy	MWh	29,451	27,847	28,591	25,009	24,761	16,839	23,177
Energy intensity per unit	MWh/unit	0.11*	0.11	0.12	0.11	0.13	0.11	0.11
Energy intensity per mAUD	MWh/revenue	13*	13	15	14	15	13	13

Scope 3 emissions by category	Unit	2025
1. Purchased goods and services	tCO2e	9,980
2. Capital goods	tCO2e	865
3. Upstream energy	tCO2e	3,044
4. Upstream transport and distribution	tCO2e	4,405
5. Waste and water	tCO2e	816
6. Business travel	tCO2e	25,303
7. Employee commuting	tCO2e	3,838
9. Downstream transport and distribution	tCO2e	18,364
Total Scope 3	tCO2e	66,616*

1. Certain columns may not sum precisely due to rounding applied for disclosure purposes.
2. Includes emissions from gasoline used in owned cars and natural gas used in our operations.
3. Includes emissions from electricity consumption from our sites, calculated using the 'market-based' approach in accordance with the GHG Protocol scope 2 Guidance.
4. Scope 3 emissions for 2025 include all relevant categories. From 2019 to 2024, reporting was limited to business flight emissions only.
5. Certified carbon credits generated from renewable energy and forest protection.
6. Includes emissions from all relevant Scope 3 categories excluding carbon offsets.
7. Total electricity purchased, including non-renewable and renewable electricity.
8. Includes the volumes of natural gas and petrol consumed, converted to their energy equivalent amount in megawatt-hour.

* FY25 data included in limited assurance scope. Refer to page 180 for KPMG's limited assurance report.



Potential climate-related risks and opportunities

We have assessed a wide range of climate-related risks and opportunities across three time horizons - short-term, middle-term and long-term - under both high emissions and low emissions climate scenarios. The results of this qualitative scenario analysis are detailed in the table below.

Cochlear principal business risks	Type	Climate risk
Interruption to product supply	Physical and transition risk	Temporary, extended, or chronic supply chain disruption for Cochlear's direct suppliers and its supply chain.
Market access	Physical and transition risk	Acute climate change linked events causing prolonged strain to the healthcare system (e.g., novel zoonotic diseases) which may disrupt access to elective surgery for customers.
Interruption to product supply	Physical risk	Extreme (acute) climate-related events may cause damage to Cochlear's assets and/or inventory (e.g., flooding and landslides (Australia, China, Malaysia)).
Geopolitical risk	Transition risk	Geopolitical tensions arising from climate may impact Cochlear's international operations.
Credit and currency	Physical and transition risk	Credit risk arising from climate change and impacts to funding models.
Market access	Physical risk	Extreme (acute) climate related events may pose a health and safety risk to employees and cause disruptions to Cochlear's business operations, heat waves (Australia), flooding and inundation events in coastal urban centres (Australia, Japan), and bushfire/smoke pollution in fire prone regions (Australia, US).
Pandemics	Physical risk	Pandemics may increase due to chronic physical climate effects, posing health and safety risks to employees and impacting Cochlear's ability to deliver products and services. These effects include rising global temperatures, shifting rain patterns in water-stressed regions, leading to drought (e.g., China, Australia, Turkey), and
Market access	Transition risk	Healthcare models remove or deprioritise elective surgeries, which may reduce funding available for Cochlear candidates.
Talent management	Transition opportunity	Transition to green buildings may improve amenity leading to additive benefits to employees from well-designed workspaces, and to Cochlear from reputational improvements.
Geopolitical risk	Transition opportunity	Adoption of renewable energy in operations may enhance energy security and reduce operating costs.



Our people

Employees by category ^{1*}	FY25		FY24		FY23	
	Female	Male	Female	Male	Female	Male
	%	%	%	%	%	%
Senior leaders ¹	40%	60%	39%	61%	40%	60%
Management ²	45%	55%	44%	56%	45%	55%
Operational	49%	51%	50%	50%	52%	48%
Total	48%	52%	48%	52%	49%	51%

Employees by type and gender ^{1*}	FY25		FY24		FY23	
	Female	Male	Female	Male	Female	Male
	%	%	%	%	%	%
Permanent	48%	52%	48%	52%	49%	51%
Temporary	59%	41%	42%	58%	57%	43%
Full-time	47%	53%	46%	54%	48%	52%
Part-time	63%	37%	66%	34%	78%	22%
Total	48%	52%	48%	52%	50%	50%

Engagement	FY25	FY24	FY23
Employee turnover	6.9%	8.3%	8.2%
Engagement score	80%	80%	80%
Total hours of employee formal training	25.04	28.5	28.5

Safety and wellbeing	FY25	FY24	FY23
Severity rate	488	389	263

Injury Frequency	FY25	FY24	FY23
TRIFR ⁴	3.9*	3.6	3.3
LTIFR ⁵	2.2*	2.1	2.3

Employees by age ³ (in years)	FY25		FY24		FY23	
	Female	Male	Female	Male	Female	Male
	%	%	%	%	%	%
Under 30	40%	60%	39%	61%	43%	57%
30 - 50	49%	51%	49%	51%	50%	50%
Over 50	51%	49%	51%	49%	51%	49%
Total	48%	52%	48%	52%	49%	51%

Board composition [†]	FY25	FY24	FY23
Women on the Board	44%	38%	40%

1. Includes regular/permanent employees; excludes employees based in the USA.

2. Senior leaders are defined as all employees in Bands 1, 2 and 3; the three most senior levels with Band 1 being the Executive team.

3. Management are employees in Band 4.

4. Total Recordable Injury Frequency Rate (TRIFR) refers to the total number of recordable injuries occurring in a workplace per million hours worked. Recordable injury indicates both minor and major injuries and illnesses that required medical treatment, lost workdays, or duties other than those normally undertaken by the individual.

5. Total Lost Time Injury Frequency Rate (LTIFR) refers to the number of lost time injuries occurring in a workplace per 1 million hours worked.

* FY25 data included in limited assurance scope. Refer to page 180 for KPMG's limited assurance report.



GRI Content Index

Cochlear Limited has reported the information cited in this GRI content index for the period from 01 July 2023 to 30 June 2024 with reference to the GRI Standards.

GRI used: GRI 1: Foundation 2021. No sector guidelines apply.

GRI Disclosures	Location	SDGs	UNGC
GRI 2: General Disclosures 2021			
2-1 Organizational details	About Cochlear - page 8		
2-2 Entities included in the organization's sustainability reporting	Our company - page 8		
2-3 Reporting period, frequency and contact point	About this report - page 4	16	
2-4 Restatements of information	Climate-related metrics – page 172 – Scope 3 emissions for 2025 include all relevant categories in accordance with the GHG Protocol. From 2019 to 2024, reporting was limited to business flight emissions only. This change reflects an expansion in reporting scope, not a correction of prior data.	16	
2-5 External assurance	Independent limited assurance report - page 180		
2-6 Activities, value chain and other business relationships	Responsible supply chain - page 70 Cochlear Modern Slavery Statement	16	
2-7 Employees	Our people - page 174	16	
2-8 Workers who are not employees	Our people - page 174	16	
2-9 Governance structure and composition	Governance and risk - pages 79 - 99	16	
2-10 Nomination and selection of the highest governance body	Governance and risk - pages 79 - 99	16	
2-11 Chair of the highest governance body	Board of directors - pages 93 - 99	16	
2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability governance - page 170	16	1, 7
2-13 Delegation of responsibility for managing impacts	Sustainability governance - page 170 Board skills matrix - page 82	16	1, 7, 10
2-14 Role of the highest governance body in sustainability reporting	Sustainability governance - page 170	16	1, 7
2-15 Conflicts of interest	Cochlear Global Code of Conduct	16	10
2-16 Communication of critical concerns	Cochlear Global Code of Conduct	16	10
2-17 Collective knowledge of the highest governance body	Governance and risk - pages 79 - 99	16	
2-18 Evaluation of the performance of the highest governance body	Our approach to Corporate Governance - page 80	16	
2-19 Remuneration policies	Remuneration report - pages 101 - 122	8	1, 7, 10



GRI Disclosures	Location	SDGs	UNGC
GRI 2: General Disclosures 2021			
2-20 Process to determine remuneration	Remuneration report - pages 101 - 122	8	
2-21 Annual total compensation ratio	Information currently not disclosed.	16	
2-22 Statement on sustainable development strategy	Year in review - page 14	16	1, 7
2-23 Policy commitments	Our pathway to net-zero emissions - page 61 Cochlear Global Code of Conduct Cochlear Modern Slavery Statement	16	1, 7, 8, 10
2-24 Embedding policy commitments	Cochlear Global Code of Conduct	16	
2-25 Processes to remediate negative impacts	Managing our climate-related sustainability risks - page 63 Environmental management - page 64 Sustainability approach - pages 171 - 174 Cochlear Global Code of Conduct	16	7, 8, 9
2-26 Mechanisms for seeking advice and raising concerns	Cochlear Global Code of Conduct	16	10
2-27 Compliance with laws and regulations	Lawful, ethical and responsible behaviour - page 87	16	1, 2, 8
2-28 Membership associations	Sustainability approach - pages 170 - 173	All SDGs	
2-29 Approach to stakeholder engagement	Double materiality assessment - page 171	16	
2-30 Collective bargaining agreements	Cochlear Global Code of Conduct	8	3
GRI 3: Material Topics 2021			
3-1 Process to determine material topics	Double materiality assessment - page 171	17	
3-2 List of material topics	Double materiality assessment - page 171	17	1, 2, 7, 8
3-3 Management of material topics	Sustainability approach - page 170 Double materiality assessment - page 171	17	1, 2, 7, 8, 10
GRI 102: Climate Change 2025			
102-1 Transition plan for climate change mitigation	Our pathway to net-zero emissions - pages 61 - 63 Climate-related metrics - page 172 Potential climate-related risks and opportunities - page 174	13	8, 9
102-2 Climate change adaptation plan	Our pathway to net-zero emissions - pages 61 - 63 Climate-related metrics - page 172 Potential climate-related risks and opportunities - page 174	13	8, 9
102-4 GHG emissions reduction targets and progress	Our pathway to net-zero emissions - pages 61 - 63 Climate-related metrics - page 172	13	8, 9
102-5 Scope 1 GHG emissions	Climate-related metrics - page 172	13	8, 9
102-6 Scope 2 GHG emissions	Climate-related metrics - page 172	13	8, 9



GRI Disclosures	Location	SDGs	UNGC
GRI 102: Climate Change 2025			
102-7 Scope 3 GHG emissions	Climate-related metrics - page 172	13	8, 9
102-8 GHG emissions intensity	Climate-related metrics - page 172	13	8, 9
102-10 Carbon credits	Climate-related metrics - page 172	13	8, 9
GRI 103: Energy 2025			
103-1 Energy policies and commitments	Our pathway to net-zero emissions - pages 61 - 63	13	8, 9
103-2 Energy consumption and self-generation within the organization	Climate-related metrics - page 172	13	8, 9
103-3 Upstream and downstream energy consumption	Climate-related metrics - page 172	13	8, 9
103-4 Energy intensity	Climate-related metrics - page 172	13	8, 9
103-5 Reduction in energy consumption	Climate-related metrics - page 172	13	8, 9
GRI 201: Economic Performance 2016			
201-1 Direct economic value generated and distributed	Cochlear at a glance - page 9 Financial performance - pages 73 - 78	3, 8, 10	
201-2 Financial implications and other risks and opportunities due to climate change	Cochlear at a glance - page 9 Financial performance - pages 73 - 78	13	7, 8, 9
201-3 Defined benefit plan obligations and other retirement plans	Defined benefit plans - page 142	16	
201-4 Financial assistance received from government	Other income - page 136	16	
GRI 205: Anti-corruption 2016			
205-2 Communication and training about anti-corruption policies and procedures	Creating value responsibly - page 70 Cochlear Global Code of Conduct	3, 16	10
GRI 207: Tax 2019			
207-1 Approach to tax	Tax transparency - page 71	1, 10, 17	
GRI 303: Water and Effluents 2018			
303-5 Water consumption	Resource efficiency - page 65	12	8, 9
GRI 306: Waste 2020			
306-2 Management of significant waste-related impacts	Resource efficiency - page 65	12	8, 9
GRI 308: Supplier Environmental Assessment 2016			
308-1 New suppliers that were screened using environmental criteria	Responsible supply chain - page 70 Cochlear Modern Slavery Statement	8, 9, 10, 13	8
308-2 Negative environmental impacts in the supply chain and actions taken	Responsible supply chain - page 70 Cochlear Modern Slavery Statement	8, 9, 10, 13	8



GRI Disclosures	Location	SDGs	UNGC
GRI 401: Employment 2016			
401-1 New employee hires and employee turnover	Engagement - page 174	3, 8	
GRI 403: Occupational Health and Safety 2018			
403-1 Occupational health and safety management system	Supporting the wellness and safety of our teams - page 58	3, 8	
403-3 Occupational health services	Supporting the wellness and safety of our teams - page 58	3, 8	
403-4 Worker participation, consultation, and communication on occupational health and safety	Supporting the wellness and safety of our teams - page 58	3, 8	
403-5 Worker training on occupational health and safety	Supporting the wellness and safety of our teams - page 58	3, 8	
403-6 Promotion of worker health	Supporting the wellness and safety of our teams - page 58	3, 8	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Supporting the wellness and safety of our teams - page 58	3, 8	
403-8 Workers covered by an occupational health and safety management system	Supporting the wellness and safety of our teams - page 58	3, 8	
403-9 Work-related injuries	Safety and wellbeing - page 174	3, 8	
403-10 Work-related ill health	Safety and wellbeing - page 174	3, 8	
GRI 404: Training and Education 2016			
404-1 Average hours of training per year per employee	Engagement - page 174	8	
404-2 Programs for upgrading employee skills and transition assistance programs	Strengthen and nurture a culture of innovation, achievement and inclusion - pages 52 - 55	8	
GRI 405: Diversity and Equal Opportunity 2016			
405-1 Diversity of governance bodies and employees	Our workforce - page 56	5	6
GRI 408: Child Labor 2016			
408-1 Operations and suppliers at significant risk for incidents of child labor	Responsible Supply Chain - 70 Cochlear Global Code of Conduct Cochlear Modern Slavery Statement	8	5
GRI 409: Forced or Compulsory Labor 2016			
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Responsible Supply Chain - 70 Cochlear Global Code of Conduct Cochlear Modern Slavery Statement	8	4
GRI 411: Rights of Indigenous Peoples 2016			
411-1 Incidents of violations involving rights of indigenous peoples	Reconciliation Action Plan	1, 8, 10	1



GRI Disclosures	Location	SDGs	UNGC
GRI 413: Local Communities 2016			
413-1 Operations with local community engagement, impact assessments, and development programs	Cochlear Foundation	3, 4, 8, 10	
GRI 414: Supplier Social Assessment 2016			
414-1 New suppliers that were screened using social criteria	Responsible Supply Chain - 70	8, 9, 10, 13	1, 3, 4, 5
414-2 Negative social impacts in the supply chain and actions taken	Responsible Supply Chain - 70	8, 9, 10, 13	1, 3, 4, 5
GRI 415: Public Policy 2016			
415-1 Political contributions	Public policy engagement - page 72	3, 16	10
GRI 416: Customer Health and Safety 2016			
416-1 Assessment of the health and safety impacts of product and service categories	Leading on product quality and reliability - page 47	3, 9, 12	
GRI 417: Marketing and Labeling 2016			
417-1 Requirements for product and service information and labeling	<p>Leading on product quality and reliability - page 47</p> <p>In addition, our Quality Management System is intended to be compliant with the following quality management standards, regulations and directives:</p> <ul style="list-style-type: none"> • EN ISO 13485:2016 • ISO 13485:2016 • CFR Title 21 Part 820 (US) • Medical Device Regulation (EU) 2017/745 : 2017 • Active Implantable Medical Device Directive 90/385/EEC • Therapeutic Good Act 1989 • Therapeutic Goods (Medical Device) Regulations 2002 (Australia) • Canadian Medical Device Regulation (SOR/98-282) • MHLW Ministerial Ordinance no. 169 (Japan) • Medical Device Act (South Korea) • Good Manufacturing Practices RDC National Health Surveillance Agency (ANVISA) 665/2022 (Brazil) • NMPA (2014) China No. 64 Order of Good Manufacturing Practice for Medical Devices. 	3, 9, 12	
GRI 418: Customer Privacy 2016			
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<p>Cyber security - page 71</p> <p>Data privacy - page 71</p>	16	



To the directors of Cochlear Limited

Independent Limited Assurance Report

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the Information Subject to Assurance, which has been prepared by Cochlear Limited in accordance with Cochlear's Sustainability Definition ("the Criteria") for the period end 30 June 2025.

Information Subject to Assurance

The Information Subject to Assurance comprised the following data as presented in the 2025 Annual Report, and as included in the table below:

Information Subject to Assurance	Reported Value
• Total Scope 1 GHG Emissions	951 tCO ₂ -e
• Total Scope 2 (market-based) GHG Emissions	1,980 tCO ₂ -e
• Total Scope 3 GHG Emissions	66,616 tCO ₂ -e
• Directly Purchased Electricity	24,330 MWh
• Directly Purchased Natural Gas + Petrol	5,121 MWh
• Emission Intensity per Unit	11 kgCO ₂ -e
• Emission Intensity per Revenue (mAUD)	1.2 kgCO ₂ -e
• Energy Intensity per Unit	0.11 MWh
• Energy Intensity per Revenue (mAUD)	13 MWh
• Total Recordable Injury (TRI) Frequency Rate	3.9
• Loss Time Injury (LTI) Frequency Rate	2.2

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- Diversity: "Our People" tables; FY25 values for "Employees by category", "Employees by type and gender", and "Gender diversity in leadership" as presented on page 174 of the 2025 Annual Report.

Criteria Used as the Basis of Reporting

The methodologies used by Cochlear Limited management to measure the Information Subject to Assurance ("the criteria") are described in the 2025 Annual Report.

Basis for Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 (Standard). In accordance with the Standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Information Subject to Assurance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures Performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- enquiries with relevant Cochlear Limited personnel to understand the internal controls, governance structure and reporting process used to collect the Information Subject to Assurance;
- reviews of relevant documentation including, but not limited to, relevant Frameworks and policies;
- analytical procedures over the Information Subject to Assurance;
- walkthroughs of the Information Subject to Assurance to source documentation on a sample basis;
- evaluating the appropriateness of the Criteria with respect to the Information Subject to Assurance; and
- reconciling the Information subject to Assurance to underlying data sources on a sample basis;
- reviewed the 2025 Sustainability related sections within Annual Report to ensure it is consistent with our overall knowledge of assurance engagement



How the Standard Defines Limited Assurance and Material Misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Cochlear.

Use of this Assurance Report

This report has been prepared for the Directors of Cochlear Limited for the purpose of providing an assurance conclusion on the Information Subject to Assurance and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Cochlear, or for any other purpose than that for which it was prepared.

Management's responsibility

Management are responsible for:

- determining that the criteria is appropriate to meet their needs and the needs of the directors;
- preparing and presenting the Information Subject to Assurance in accordance with the criteria; and
- establishing internal controls that enable the preparation and presentation of the Information Subject to Assurance that is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Information Subject to Assurance for the period end 30 June 2025, and to issue an assurance report that includes our conclusion.

Our Independence and Quality Management

We have complied with our independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants (including Independence Standards) issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Management 1 to design, implement and operate a system of quality management.

KPMG
Sydney, NSW

15 August 2025



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FY25 highlights – page 13

1. Cochlear estimates based on the published economic model findings of Neve et al 2021 (Neve OM, Boerman JA, van den Hout WB, Briaire JJ, van Benthem PPG, Frijns JHM. Cost-benefit Analysis of Cochlear Implants: A Societal Perspective. *Ear Hear.* 2021 Sep/Oct;42(5):1338-1350. doi: 10.1097/AUD.0000000000001021. PMID: 33675588; PMCID: PMC8378541). Dollar amount relates to all recipients implanted with a cochlear implant in FY25 across the developed markets.

Year in review – pages 14-22

1. Cochlear estimates based on the published economic model findings of Neve et al 2021 (Neve OM, Boerman JA, van den Hout WB, Briaire JJ, van Benthem PPG, Frijns JHM. Cost-benefit Analysis of Cochlear Implants: A Societal Perspective. *Ear Hear.* 2021 Sep/Oct;42(5):1338-1350. doi: 10.1097/AUD.0000000000001021. PMID: 33675588; PMCID: PMC8378541). Dollar amount relates to all recipients implanted with a cochlear implant in FY25 across the developed markets.
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4. Lin FR et al. Hearing intervention versus health education control to reduce cognitive decline in older adults with hearing loss in the USA (ACHIEVE): a multicentre, randomised controlled trial. *The Lancet.* [ePub ahead of print] DOI: [https://doi.org/10.1016/S0140-6736\(23\)01406-X](https://doi.org/10.1016/S0140-6736(23)01406-X). Available at [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(23\)01406-X/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(23)01406-X/fulltext)
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10. Cochlear Limited. D2182827 V1 2024-03. Cochlear Nucleus Reliability Report (Simplified) Volume 22, December 2023.
11. It is recommended that SNR-NR, WNR and SCAN be made available to any recipient, ages 6 and older, who is able to 1) complete objective speech perception testing in quiet and noise in order to demonstrate and document performance and 2) report a preference for different program settings.
12. ForwardFocus can only be enabled by a hearing implant specialist. It should only be activated for users 12 years and older who are able to reliably provide feedback on sound quality and understand how to use the feature when moving to different or changing environments.

- It may be possible to have decreased speech understanding when using ForwardFocus in a quiet environment.
13. Auracast™ broadcast audio capability is subject to third-party adoption of the Auracast protocol.
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A healthier and more productive society – pages 32-38

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Shareholder information

Additional information required by Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report. The information presented is as at 25 July 2025.

Substantial shareholders

Investor	Number of ordinary shares	%
State Street Corporation	4,836,294	7.4
BlackRock Inc	4,300,283	6.6
The Vanguard Group, Inc	3,756,745	5.7
Total	12,893,322	19.7

Distribution of shareholders

Number of shares held	Number of ordinary shareholders	% shares
1 - 1,000	43,803	9.80
1,001 - 5,000	2,236	6.51
5,001 - 10,000	94	0.97
10,001 - 100,000	54	2.45
100,001 and over	16	80.27
Total	46,203	100.00

Non-marketable parcels – 177 shareholders held less than a marketable parcel of ordinary shares, based on the closing market price on 25 July 2025 of \$312.83.

On-market share buyback

An on-market share buyback program of up to \$75 million was announced in August 2024, and a 12 month extension has been approved by the Board to allow the program to run until August 2026.

Twenty largest shareholders

Shareholder	Number of ordinary shares	% of issued capital
1 HSBC Custody Nominees (Australia) Limited	26,204,019	40.07
2 J P Morgan Nominees Australia Pty Limited	10,892,062	16.66
3 Citicorp Nominees Pty Limited	8,430,442	12.89
4 BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	1,830,219	2.80
5 BNP Paribas Noms Pty Ltd	1,469,118	2.25
6 National Nominees Limited	1,129,817	1.73
7 HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super CORP A/C>	469,415	0.72
8 BNP Paribas Nominees Pty Ltd <Hub24 Custodial Serv Ltd>	454,099	0.69
9 Australian Foundation Investment Company Limited	433,174	0.66
10 Netwealth Investments Limited <Wrap Services A/C>	409,313	0.63
11 Custodial Services Limited <Beneficiaries Holding A/C>	173,365	0.27
12 Mr Christopher Graham Roberts	172,387	0.26
13 HSBC Custody Nominees (Australia) Limited - A/C 2	143,218	0.22
14 HSBC Custody Nominees (Australia) Limited	118,811	0.18
15 BNP Paribas Nominees Pty Ltd <Clearstream>	109,295	0.17
16 Netwealth Investments Limited <Super Services A/C>	102,259	0.16
17 BNP Paribas Noms (NZ) Ltd	97,595	0.15
18 HSBC Custody Nominees (Australia) Limited-GSCO ECA	96,146	0.15
19 IOOF Investment Services Limited <IPS Superfund A/C>	90,817	0.14
20 Citicorp Nominees Pty Limited <143212 Nmmt Ltd A/C>	61,690	0.09
Total	52,887,261	80.89

The 20 largest shareholders held 80.89% of the ordinary shares of the Company.



Directory

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Shareholder enquiries

Access to shareholding information is available to investors through Cochlear's share registry Computershare.

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Melbourne VIC 3001
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Website: www.computershare.com.au

Auditor

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Website: www.kpmg.com.au

Calendar of events*

23 October 2025	Annual general meeting
13 February 2026	HY26 results announced
18 August 2026	FY26 results announced

* Indicative dates only and subject to change.

Company secretary

Rob McGrory
Kristy Jo

Annual general meeting

The annual general meeting of Cochlear Limited will be held on 23 October 2025 at 10.00am. Further details will be provided in the Notice of Meeting, which will be provided to shareholders in mid-September 2025. The Notice of Meeting will also be available on the ASX Market Announcements Platform and the website, www.cochlear.com.

Hear now. And always

Cochlear is dedicated to helping people with moderate to profound hearing loss experience a world full of hearing. As the global leader in implantable hearing solutions, we have helped more than 750,000 people of all ages to hear and connect with life's opportunities.

We aim to give people the best lifelong hearing experience and access to next generation technologies. We collaborate with leading clinical, research and support networks to advance hearing science and improve care.

That's why more people choose Cochlear than any other hearing implant company.

 Cochlear Ltd (ABN 96 002 618 073) 1 University Avenue, Macquarie University, NSW 2109, Australia T: +612 9428 6555

www.cochlear.com

Please seek advice from your health professional about treatments for hearing loss. Outcomes may vary, and your health professional will advise you about the factors which could affect your outcome. Always follow the directions for use. Not all products are available in all countries. Please contact your local Cochlear representative for product information.

ACE, Advance Off-Stylet, AOS, Ardium, AutoNRT, Autosensitivity, Baha, Baha SoftWear, BCDrive, Beam, Bring Back the Beat, Button, Carina, Cochlear, 科利耳, コクレア, 코클리어, Cochlear SoftWear, Contour, 콘트우아, Contour Advance, Custom Sound, DermaLock, Freedom, Hear now. And always, Hugfit, Human Design, Hybrid, Invisible Hearing, Kanso, LowPro, MET, MP3000, myCochlear, mySmartSound, Nexa, NRT, Nucleus, Osia, Outcome Focused Fitting, Off-Stylet, Piezo Power, Profile, Slimline, SmartSound, Softip, SoundArc, True Wireless, the elliptical logo, Vistafix, Whisper, WindShield and Xidium are either trademarks or registered trademarks of the Cochlear group of companies.

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